CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

THIRD SESSION—TWENTY-FOURTH PARLIAMENT

8-9 ELIZABETH II

RECEIVED
OCT 28 1960
Library of Parliament

VOLUME III, 1960

COMPRISING THE PERIOD FROM THE TWENTY-FIFTH DAY OF MARCH, 1960,
TO THE TENTH DAY OF MAY, 1960, INCLUSIVE

INDEX ISSUED IN A SEPARATE VOLUME

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1960

HOUSE OF COMMONS

Friday, March 25, 1960

The house met at 11 a.m.

MISCELLANEOUS PRIVATE BILLS

Seventh report of standing committee on miscellaneous private bills—Mr. McCleave.

VACANCY

Mr. Rodolphe Leduc (Gatineau): Mr. Speaker, I hereby give notice, pursuant to section 10 of the House of Commons Act, that a vacancy has occurred in the representation of the House of Commons for the electoral district of Labelle, in the province of Quebec, by reason of the appointment to the Senate of Hon. Henri Courtemanche, the member therefor.

NATURAL GAS

NORTHWEST TERRITORIES—ANNOUNCEMENT RESPECTING DISCOVERY

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, hon. members will have been pleased to read this morning in the press of a natural gas discovery in the Northwest Territories. According to information which I have received, the Home Oil Company Limited has obtained substantial showings of gas in a test well which they are drilling in the southwest corner of the Mackenzie district in the Northwest Territories, about eight miles north of the British Columbia boundary and about eight miles west of the Simpson trail.

This well is the second of a series of six which are to be drilled by Home Oil Company this winter and next winter on a farm-out arrangement with Canada Southern Petroleum Limited, which is the holder of permits to explore for oil and gas in approximately 1¼ million acres of potential oil and gas land in the southwest corner of the Mackenzie district. Home Oil Company, which is a Canadian company, is committed to spend $6.5 million on this land during the next five years. Several other oil companies are also actively engaged in the search for oil and gas in this general area, which has been for some time regarded as very promising. It is worth noting that this area forms the northerly geological extension of the Kotcho lake and Petitot river areas of northeast British Columbia in which in recent months impressive discoveries of gas have been made.

79951-0—155

It is at this time far too early to attempt to evaluate the significance of the present discovery. In itself it is not conclusive proof of a major gas field, but it is certainly a most encouraging indication and tends to support the expectations that the area may have a very substantial gas potential.

In order to provide easier access to this area, which lies about 150 miles north of the Alaska highway at Fort Nelson, I have made provision in my departmental estimates for the fiscal year 1960-61 for funds to survey the route of a road from the British Columbia boundary through this area. The precise route to be followed by the road will be chosen in such a way as to serve best the interests of oil companies engaged in the task of developing the resources of the area.

Mr. Speaker, I did not plan it this way but it seems to me to be very auspicious that this discovery of a new petroleum area in the north should come so close to the 20th anniversary of the first election to the House of Commons of the Prime Minister (Mr. Diefenbaker) who has done so much to attract attention to the north.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I think it is unusual to make announcements of this kind in the House of Commons on the development of our natural and human resources. We can, however, welcome them both because the country is in need of both. The announcement which the minister has just made underlines the variety and the richness of the resources of our country. As I say, the announcement, although it is unusual, is welcome. It also points up the desirability of early action being taken to make possible the export of gas from this country.

Mr. Hazen Argue (Assiniboia): The development of Canada's natural resources is important to the future of our nation. We have some differences with the policy the government is following but, of course, any indication of their development is most welcome. I really do not see how this matter could have very much association with the anniversary of the Prime Minister's entry into politics in this country.

An hon. Member: Gas.

Mr. Argue: Somebody says it has to do with gas. Of course, that was not my thought.

Mr. Hees: It is the beginning of a great development era.

Inquiries of the Ministry

Mr. Argue: If the Prime Minister wishes to take credit for this development since it is coming about the same time as this anniversary, of course this anniversary will have to bear many other responsibilities including some of the difficulties of the Minister of National Defence (Mr. Pearkes). I do not really think there is any connection between the development of Canada's resources and this welcome anniversary.

NATIONAL DEFENCE

BOMARC MISSILE—REPORTED REDUCTION IN U.S. APPROPRIATION

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of National Defence. Has the minister seen the Washington dispatch to the effect that the United States appropriation for the Bomarc B missile is being cut from $421 million to $50 million for the next fiscal year and will the minister tell the house what effect this announcement will have on Canada's defence policy?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, Canada has been consistently consulted regarding a possible revision of the joint air defence plan which might be adopted in order that the development of defence and warning against ballistic missiles might be accelerated. This would be in accord with our belief that the Soviets are placing greater emphasis on missiles and less on bombers.

As the hearings before the subcommittee of the committee on appropriations of the house of representatives have not been completed, the house will realize that it would be highly improper for me to comment upon the actions of this committee or to make any statement at this time on a speculative press report of a meeting that was supposed to be held in camera.

Mr. Hellyer: A supplementary question. Does the minister not agree that this announcement from Washington means, in effect, that the program is washed out, that the Bomarc is a dead pigeon?

Mr. Pearkes: Mr. Speaker, I do not agree with what the hon. member has said but, as I stated, it would be improper for me to make any further comment at this time.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, a supplementary question. Will Canada proceed with its Bomarc installations in the event that the United States appropriation is cut by this amount, and if—

[Mr. Hees.]

Mr. Speaker: Order. It seems to me that the minister's replies have already indicated that he does not propose to answer the hypothetical aspects of these questions, and the hon. member is now getting into the purely hypothetical because, as has been indicated, this is a matter before a committee. As hon. members know, there are several stages to committee proceedings before there is any ultimate disposition of the matter.

Mr. Argue: Then my question is this. Is it the Canadian government's policy to proceed with the installation of bases for the Bomarc missile?

Mr. Pearkes: As the hon. member knows, we have selected two sites for the Bomarc units. On one of those sites, at North Bay, construction has started. Construction has not started on the other site.

Mr. Hellyer: Mr. Speaker, the minister has told the house that—

Some hon. Members: Question.

Mr. Hellyer: —the question is hypothetical because the report concerned a meeting which was held in camera. May I now direct to him this question. Is the minister aware that Dr. Herbert F. York, the defence department's chief scientist, told the senate defence appropriation committee in an opening hearing—

Mr. Speaker: Order. It is apparent from the question as far as it has gone that the hon. member is proposing to give some information rather than ask for some. If he has a factual question to ask of the minister, I suggest he put it.

Mr. Hellyer: Yes, Mr. Speaker. In view of the critical review of the Bomarc program which is under way in the United States at the present time, as announced by Dr. York at an open hearing, will the minister now suspend all work on the Canadian Bomarc sites and the SAGE installations until the outcome of the United States review is complete?

Mr. Pearkes: No, Mr. Speaker.

Mr. Pearson: May I ask the minister if he still retains confidence in this weapon?

Mr. Pearkes: Yes, Mr. Speaker.

[*Later:*]

Mr. Hellyer: Mr. Speaker, I should like to direct a question to the Minister of National Defence. Can the minister justify further ex-

penditure of the taxpayer's money on a SAGE-Bomarc system which no longer retains the confidence—

Some hon. Members: Order.

Mr. Speaker: It seems to me the hon. member is putting forth a case rather than asking a question.

Mr. Hellyer: Mr. Speaker, I think it is a very important question whether this system which is no longer effective justifies the expenditure of the Canadian taxpayers' money.

Mr. Speaker: I am not denying that it is an important question. I am only suggesting it is not the proper place to debate it.

[*Later:*]

Mr. Hellyer: May I put another question? Can the minister tell us whether tenders have been called for the same work at the Bomarc site installation at Mont Laurier.

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, perhaps I should reply to this in place of the Minister of National Defence. Tenders have been called, and tenders have been submitted to the Department of Defence Production and we are studying those tenders at the present time.

Mr. Hellyer: Can the minister tell us when the contract will be awarded?

Mr. O'Hurley: It depends on the length of time it will take to study the tenders.

Mr. Hellyer: Can the minister tell us whether the length of time required has any reference to or any relationship whatsoever with the controversy raging at the present time in respect to the cancellation of this program?

Mr. O'Hurley: Mr. Speaker, when we get a contract demand from the Department of National Defence we work on that contract demand until such time as the Department of National Defence advises us that they want to cancel it, and so far we have not got any notice to that effect.

RADAR GAP FILLERS—INQUIRY RESPECTING INSTALLATION

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct another question to the Minister of National Defence. Can the minister tell the house whether or not the government is proceeding with the installation of the radar gap fillers which are designed to give warning against the approach of manned bombers?

Hon. G. R. Pearkes (Minister of National Defence): Regarding gap fillers, sites have been selected but in all cases the ground has not yet been acquired and no construction work has started.

ST. LAWRENCE SEAWAY

REPORTED U.S. CONFUSION OVER PRIORITY PLANS FOR LOCKAGE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport and ask him if his attention has been drawn to an article in the Chicago *Tribune* entitled "Priority plan for seaway upsets lines", in which it is stated that United States shipping interests are in a state of confusion over conflicting information from Canada on the status of priority plans for lockage? Is the minister aware of this, and has any priority been established as between different forms of cargo on the St. Lawrence seaway or the Welland canal?

Hon. George H. Hees (Minister of Transport): No, Mr. Speaker, I have not seen the article. Last year when congestion occurred in the Welland canal priorities were instituted which I think served the shipping interests very well. If at any time further congestion occurs, priorities will again be instituted. We hope that this year it will not be necessary to introduce such priorities.

Mr. Chevrier: The point of my query was that the United States lines were complaining that they had asked for information from Canada and had received no reply within the last 30 days, I think it said.

Mr. Hees: The inquiry was not directed to me. However, any information about priorities will be given if such priorities are needed. As I say, we hope priorities will not be needed.

EXTERNAL AFFAIRS

DISARMAMENT—INQUIRY AS TO INCLUSION OF RED CHINA IN CONFERENCE

On the orders of the day:

Mr. L. D. Crestohl (Cartier): I wish to direct a question to the Secretary of State for External Affairs. As the disarmament conference is now progressing, I wonder whether the minister could report whether approaches have been made to include China in the disarmament conference, because otherwise disarmament might be only one-sided.

Hon. Howard C. Green (Secretary of State for External Affairs): If the hon. member would refer again to the western plan he

would find there a suggestion that in the second stage there should be a wider conference called to which all nations with significant military power would be invited.

DISARMAMENT—CANADIAN ATTITUDE TO FRENCH PROPOSALS AT CONFERENCE

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Secretary of State for External Affairs if the six principles proposed yesterday by the representative of France in the ten power disarmament committee as a necessary foundation for a disarmament treaty, and which have been accepted by the Soviet union, have been accepted by Canada?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I have not had a report from General Burns as yet. I understand that Mr. Moch was in fact speaking for all of the five western countries when he made that proposal, and the reaction to it seems to me a very hopeful sign.

Mr. Martin (Essex East): Will the minister say whether or not those six principles which were outlined in today's press were put forward by France with the knowledge of the government of Canada?

Mr. Green: I cannot give a definite answer to that, but I presume they were.

COMMONWEALTH RELATIONS

SOUTH AFRICA—STATEMENT ON APARTHEID POLICY

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Prime Minister if he is now in a position to report on the situation in South Africa.

Right Hon. J. G. Diefenbaker (Prime Minister): I have received a report from the high commissioner in Capetown. While, of course, the hon. gentleman would be the first to aver that I cannot refer to the contents of the report, I can say that it indicates that there are, and will be, widely differing interpretations of why and in exactly what circumstances the incidents took place.

The house will be aware that the South African government has taken steps to institute judicial inquiries into the tragic happenings, and I understand that the formation of a larger commission to investigate the background of the various contributing factors is under consideration by the Union government.

This government is fully aware from questions asked in the house, from press comments, and from correspondence which has been received, that there exists in Canada a profound current of anxiety at the measures which the South African authorities considered it necessary to take. I have already made it clear on numerous occasions that the government has no sympathy for policies of racial discrimination and that we deplore the development of a situation which has given rise to such tragic violence and loss of life.

There have been requests that some positive action should be taken by the government. We understand the sincere feelings and motives which have prompted these suggestions.

However, as to the suggestions themselves, the government must have one over-riding criterion in mind. The important consideration is not whether any action or statement by Canada would relieve Canadian feelings, but what practical effect such action or such a statement might have in South Africa itself. In other words, we have a responsibility, and a solemn one, to reconcile the natural desire in the circumstances to demonstrate by positive action Canadian feelings of distress and, on the other hand, the necessity of ensuring that any such statement or action would help, and not hinder, those people who so strongly merit sympathy and concern.

The weighing of these considerations is a responsibility which rests on the government alone, and in no sense do we seek to evade it. The conclusion of the government is that at this time no beneficial purpose would be served by diplomatic protests or by even more extreme measures to intervene in this tragic situation.

I might add that in the last two days an announcement was made in the parliament of South Africa by the prime minister that he intends to attend the prime ministers' conference in London in May. In 1957 the then prime minister found himself unable to attend. The fact that the present prime minister will attend is a circumstance which, I am sure the house will understand, will ensure that the feelings of the various component parts of the commonwealth can be properly made known.

Mr. Pearson: Mr. Speaker, may I ask the Prime Minister in the light of what he has just said whether he is in a position to comment on a press report to the effect that he informed a delegation of the national federation of Canadian university students, when he received them on Wednesday last, that he was opposed to taking too strong a stand on

the tragic South African situation because of his desire to be in a position to mediate at the forthcoming prime ministers' conference in London?

Mr. Diefenbaker: Mr. Speaker, I will make no attempt to comment on a press report but, in saying that, I would not go as far as the statement in question implies according to the reading thereof by the Leader of the Opposition.

Mr. Pearson: Mr. Speaker, may I ask the Secretary of State for External Affairs, in the light of what the Prime Minister has said, whether he is now willing to revise the statement he made in the house on February 16, as reported at page 1139 of *Hansard* of that date:

> Today it would be extremely hard to find two nations between which Canada could be a go-between.

Mr. Speaker: I think the Leader of the Opposition will appreciate that that is not an appropriate contribution to the proceedings at this stage because it is an argumentative question.

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Prime Minister a supplementary question in view of the reply which he has just given to the Leader of the Opposition on the question of apartheid in South Africa. Will the Prime Minister now revise the statement he made in this house in reply to a question I put to him earlier in the session to the effect that he would not initiate any discussion of this matter at the prime ministers' conference?

Mr. Diefenbaker: Mr. Speaker, the hon. gentleman knows that what takes place at the prime ministers' conference is secret. I am glad to notice the tremendous interest of the hon. gentleman in apartheid because I seem to recall that on a number of occasions when he was one of the representatives at the United Nations in New York and the vote took place on the South African question, he led in Canada's position about taking no attitude and having no vote thereon.

Mr. Martin (Essex East): Mr. Speaker, may I thank the Prime Minister for this historical narrative and ask him if he proposes to initiate a discussion of this important matter at the prime ministers' conference?

Mr. Diefenbaker: Mr. Speaker, I expected that question to be asked and therefore in order to make sure that the historical record is correct I would remind the hon. gentleman that if he will look at the answer given by the former prime minister, the Right. Hon. Louis St. Laurent, on June 22, 1956, with regard to prime ministers' conferences, he will find a complete answer to his question.

Inquiries of the Ministry

TRANSPORT

WALPOLE ISLAND—REPORTED INADEQUATE SUPPLIES OF FOOD AND FUEL

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport and ask him if he has seen a statement in this morning's *Globe and Mail* which reports that food and fuel supplies were reported yesterday to be running low on Walpole island in the St. Clair river and that the island residents are attempting to obtain a United States coastguard cutter to break through the icebound channel? What has happened, may I ask the minister, to the usually efficient services of the Department of Transport?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I would say that the usually efficient services of the Department of Transport are as efficient as usual. I have heard no complaint in this particular regard. As always happens when we do hear complaints or receive requests for service we supply them as quickly and efficiently as is reasonably possible.

Mr. Chevrier: I am bringing this to the attention of the minister now. Is the minister going to take cognizance of this and bring assistance to these islanders?

Mr. Hees: I am sure, Mr. Speaker, that the islanders do not need the assistance of the hon. member for Laurier. If they want assistance from this government I am sure they will ask for it. If they ask for it, every consideration will be given, as always, to requests of this kind.

Mr. Chevrier: May I ask a supplementary question? Why, then, is the United States coastguard service going to the assistance of those people rather than the Canadian service?

Mr. Hees: Perhaps because they have a cutter in the immediate vicinity. I would say that would be the logical answer.

ROYAL CANADIAN AIR FORCE

MOUNT HOPE, ONT.—INQUIRY AS TO CLOSING OF STATION

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct another question to the Minister of National Defence. Does his department contemplate an early closing of the R.C.A.F. station at Mount Hope?

Inquiries of the Ministry

Hon. G. R. Pearkes (Minister of National Defence): I will have to take that as notice. I do not think we contemplate an early closing but I will look into the matter and let the hon. member know.

[*Later:*]

Mr. Pearkes: May I confirm the answer I gave to the hon. member for Trinity regarding Mount Hope airport. There is no intention of closing it in the immediate future. There are certain changes being introduced for the purpose of efficiency and economy but there is no intention of closing the airport.

Mr. Hellyer: May I direct a question to the Minister of Citizenship and Immigration? Is she pleased to hear the minister's answer to the question?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): With regard to the conversations which have taken place between this minister and my colleague, yes.

HOUSING

C.M.H.C.—INQUIRY AS TO DIRECT LOANS TO BUILDERS

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Will the minister make a statement to the house soon clarifying details in respect of direct lending through Central Mortgage and Housing Corporation for 1960, and in particular the details of eligibility for applicants earning less than $5,000 annually?

Hon. D. J. Walker (Minister of Public Works): I will be very glad to consider that request and go into the matter with officials of Central Mortgage and Housing Corporation.

NORTHERN AFFAIRS

"INVITATION TO CANADA"—INQUIRY AS TO FRENCH VERSION OF PUBLICATION

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, I should like to direct a question to the Minister of Northern Affairs and National Resources. This morning I received a copy of a very beautiful and artistic publication entitled "Invitation to Canada".

(Translation):

This copy of *Invitation to Canada* is a pre-publication issue made by the Minister of Northern Affairs and National Resources.

(Text):

Are we to understand that there will not be any French version of this publication?

[Mr. Hellyer.]

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I believe there was a French version but I will take this as notice and look into it.

AGRICULTURE

MANITOBA—INQUIRY AS TO MEETING OF PREMIER WITH MINISTER

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Agriculture whether he has recently received a visit from the premier of Manitoba to discuss agricultural matters, and can he clear up the mystery surrounding this visit?

Hon. D. S. Harkness (Minister of Agriculture): There is no mystery that I know of in connection with the matter. The premier of Manitoba did come to see me the day before yesterday. We had a general discussion on various matters, and I have nothing to report to the house in connection with it.

Mr. Pickersgill: Has the minister seen the report in the Winnipeg *Free Press,* for March 23, which discussed this as a mystery visit to Ottawa and indicated the premier could not give any information about it.

Mr. Speaker: Order. This is one of those questions that there has been some controversy about. In my opinion without any further thought, it is not a proper question; it is simply asking for verification.

Mr. Pickersgill: I was not asking for any verification. I simply asked the minister whether he had seen the report.

Mr. Speaker: If that is it, it is not perhaps a relevant question at all.

SUPPLY

INTERIM SUPPLY

The house resumed from Thursday, March 24, consideration in committee of supply of the following resolution—Mr. Fleming—Mr. Flynn in the chair.

Resolved, that a sum not exceeding $603,488,902.52, being the aggregate of (a) one sixth of the total of the amounts of the items set forth in the main estimates for the fiscal year ending March 31, 1961, laid before the House of Commons at the present session of parliament, $593,558,978.34; (b) seven twelfths of the amount of item 212 of the said estimates, $904,166.67; (c) one third of the amount of item 36 of the said estimates, $216,666.67; (d) one sixth of the total of the amounts of items 176, 183 and 184 of the said estimates, $615,247.00; (e) one-twelfth of the total of the amounts of items 62, 263, 367, 394, 460 and 463 of the said estimates, $8,193,843.84; be granted to Her Majesty on account of the fiscal year ending March 31, 1961.

The Chairman: Shall I dispense with the reading of the resolution?

Some hon. Members: Dispense.

The Chairman: Shall the resolution carry?

Mr. Argue: Mr. Chairman, the hon. member for Vancouver East just before ten o'clock last night raised the question of racial discrimination in South Africa. I do not think there is any division among Canadians in their attitude toward this very difficult problem. I think Canadians, and I think political parties represented in this house, believe that a mistake is being made by the government of South Africa in giving less than equal treatment to the coloured people in that great nation.

I think, however, there is a difference of attitude in Canada as to what steps should be taken by the government and as to what Canada's general approach should be to this great problem. It is not a problem that is based solely on the essential principle that there should be equal treatment to the people of all races. It is based also on the practical world situation today. As we see the growth and development of many new independent nations, particularly in Asia and Africa, it is of the utmost importance that the democratic nations, and that the white race, should not appear to be in opposition to these important and welcome developments. If the democratic nations, if a country like Canada, should appear to be opposed to these natural developments, it will jeopardize our democratic system in the future, and it will certainly weaken the western world, including the commonwealth of nations.

So, for many reasons, it is essential that the voice of Canada should ring out strong and clear in opposition to apartheid in South Africa. The Prime Minister's statement this morning showed that this government does not support the racial policies of the government of South Africa. But I think it confirms a belief that we in the C.C.F. have, and we think can be substantiated, that the government's policy on this question is unnecessarily soft; that the government has not taken, in the past, a forthright stand of opposition to the policies that are being followed. I have looked over the record of the discussions and the votes at the United Nations. I have in my hand the terms of the resolution which was presented to the general assembly last year, and the vote on this resolution. The resolution reads as follows:

Recalling its resolution 1248 of 30 October 1958 on the question of race conflict in South Africa resulting from the policies of apartheid of the government of the Union of South Africa,

Deeply convinced that the practice of racial discrimination and segregation is opposed to the observance of human rights and fundamental freedoms,

Considering that government policies which accentuate or seek to preserve racial discrimination are prejudicial to international harmony,

Noting with concern that the policy of apartheid is still being pursued,

1. Expresses its opposition to the continuance or preservation of racial discrimination in any part of the world;

2. Solemnly calls upon all member states to bring their policies into conformity with their obligation under the charter of the United Nations to promote the observance of human rights and fundamental freedoms;

3. Expresses its deep regret and concern that the government of the Union of South Africa has not yet responded to appeals of the general assembly that it reconsider governmental policies which impair the right of all racial groups to enjoy the same fundamental rights and freedoms;

4. Appeals to all member states to use their best endeavours as appropriate to achieve the purposes of the present resolution.

I would suggest, Mr. Chairman, that this is a very moderate and well considered resolution, and that it is a resolution about which there should be no equivocation so far as Canada's position is concerned, and that in voting on a resolution of this type the government should be prepared to vote in favour.

What has been the result of this discussion and this vote? The result has been Canada has abstained, and the argument as to why Canada has abstained has been that Canada would not wish to do anything that might lead to South Africa leaving the commonwealth. I want to hasten to say I do not want to see the government of South Africa leave the commonwealth. I like to see the commonwealth strong and as influential as it can be. But I think there are greater and more important considerations than that very question. A more important consideration is the question of racial discrimination. Canada should not hesitate, and should not have hesitated for any reason, to support the resolution to which I have referred.

What has been the attitude on the part of other nations? There were 67 nations who supported this resolution; three nations opposed it and seven nations abstained. Canada abstained. Canada was the only commonwealth nation that abstained. I am sorry, I am mistaken. Canada and Australia were the only commonwealth nations that abstained. The United Kingdom voted against the resolution. All the other commonwealth countries, Ceylon, Malaya, Ghana, India, New Zealand, Pakistan, stood by their principles and voted in favour of the motion. They voted to condemn or to criticize racial discrimination.

I think this is a soft policy of the Canadian government that is not supported by the Canadian people.

Mr. Green: May I ask the hon. member if he does not realize that Canada did vote in favour of those paragraphs in the resolution which did not mention South Africa, but which dealt with racial discrimination.

Mr. Argue: Yes; so far as the paragraphs are concerned which do deal with racial discrimination, Canada voted. But when it came to paragraph 3, the nub of the resolution, the heart of the resolution, Canada backed away and refused to take a stand in opposition and took no stand at all so far as this particular section was concerned. As I have said, Canada abstained from voting on the resolution. My friend says that in the view of the government discrimination is only bad if it is outside the commonwealth.

If this had been a resolution directed against a non-commonwealth nation, certainly if it had been directed against an east European nation, Canada would not have hesitated to make a strong, ringing declaration. I suggest that there should not be one attitude to one group of nations on the question of racial discrimination and different attitude, no matter to what degree, to racial discrimination within the commonwealth. I am, therefore, critical of the government for not having taken a strong stand at the United Nations and for not having issued a strong diplomatic protest to the South African government at this time.

The United States government made an official statement. The Canadian government, through the Prime Minister, has been stating Canada's position in the house. But I believe that in general ours has been a position that is less frank than the Canadian people would desire. My first suggestion, therefore, as to what should be done so far as our country is concerned is as I have outlined.

Second, I would think that the Canadian people would be fully justified in doing as are many people in the United Kingdom, for example, at this time, in refusing to purchase goods on sale in their country which have been produced or manufactured in South Africa. If the goods produced in South Africa on shelves in Canadian stores were not moving at this time to the same degree they have moved in the past, I think this situation would be a clear indication to the government of South Africa that the people of Canada protest this mistaken, inhuman and unchristian attitude and policy of that government.

There is in this morning's press a report that the United States ambassador to the United Nations, namely Henry Cabot Lodge, current president of the United Nations security council, will be calling the 11 nation body together early next week to deal with the South Africa racial conflict. Third, I would hope that Canada would take a firmer position in the future within the councils of the United Nations on this question, that Canada would support and would call for a full inquiry now into the situation in South Africa by the United Nations or any agency of the United Nations, and that Canada would support a strong protest from the United Nations security council in respect of the situation in South Africa and the attitude of the South African government.

I have noted in recent days that a petition is being circulated amongst the members of the United Nations asking for a special session of the United Nations to protest any further atomic tests by the government of France and that there are almost enough signatures supporting a United Nations special assembly meeting to require that such an assembly be undertaken. I would think that a special session of the United Nations itself on this question is fully justified in the interests of humanity. In any action that can be taken by the United Nations I would hope that Canada give this action its wholehearted, full and unequivocal support.

The fourth thing I suggest is that Canada should not only welcome, as we do, the statement that Prime Minister Verwoerd of South Africa will be attending the prime ministers' conference; but we should have from the Canadian Prime Minister—our Prime Minister—a clear indication that this question of racial discrimination will be raised at the prime ministers' conference in the interests of humanity, of basic democratic fair play. I suggest also in the interests of maintaining and extending the influence of the commonwealth.

After all, Mr. Chairman, it is not the size of an association of nations, in my opinion, that is most important as far as influence is concerned. It is no longer mainly a question of the size of armaments or the type of armaments in the arsenals of any given political power that decides its influence in the world. In the main I think it is a question of the record and the attitude of the government to basic human freedoms and rights of the citizens within the nation. If the commonwealth is to be strong, we must take all possible steps to remove the cancer in the commonwealth body which is damaging to its existence and is weakening its strength.

Once again, in order to make our position completely clear, may I say that we are not asking a nation that has taken a wrong course and that today is in conflict with

humanity to remove itself from the association of the commonwealth of nations any more than we would ask that a nation within the United Nations that has undertaken an unjustifiable act should be expelled from the United Nations. We think the thing to be done is to take every feasible step to clear up the malady or the affliction and to remove this sore and this blight on the commonwealth and on humanity itself.

The easiest thing in the world, Mr. Chairman, is for anyone to be intolerant of others because of colour, religion or economic or social status. I think it is part of the conflict and the competition of life in every person and in every nation that we continue to work on the question of racial equality as well as economic equality, freedom of speech and the other rights that we all hold so dear.

The main purpose of my rising at this time, Mr. Chairman, is not to make a sweeping condemnation of the government, and I do not do that. From my associations with hon. members opposite and from the public statements of the Prime Minister and the Secretary of State for External Affairs I can say that I know of no one in this chamber who condones what is being done in South Africa. It is a question of emphasis. It is a question of practicability. I think it is also a question of how we view this kind of discrimination and of the importance we attach to it.

I hope the government will take a stronger position on this question that is not governed by questions of one nation being in or out of a given organization but is based on a type of fundamental conviction that all people are in fact born equal and should have equal rights in human society.

Mr. Hellyer: I feel that we cannot grant this interim supply without objecting to the inclusion of funds for the SAGE-Bomarc program. When the government cancelled the Avro Arrow a year ago last February the inference was drawn that air defence was no longer valid. The minister himself, in explaining this cancellation, suggested that the threat from manned bombers was diminishing and that the threat from intercontinental ballistic missiles was increasing. This was obviously true, Mr. Chairman, and was a fact which was well recognized. But at the same time the minister added that the threat from the manned bomber continues. Many times in the intervening months he has gone on record as saying that in any all-out war in the foreseeable future manned bombers would be used as well as intercontinental ballistic missiles and that they would be used at least for mop-up operations. In that event it was essential, the minister told us, that Canada should continue with the defence against manned bombers. I see the minister is nodding his head, I presume in assent.

Almost immediately, however, a contradiction was introduced and the contradiction was the continuation of a half policy of air defence. The government clearly gave the impression that the Bomarc was a superior while at the same time less expensive alternative to the manned interceptor as a defence against manned bombers. The impression was conveyed to the Canadian people through the press, and was widely accepted at least for a time, that the threat from the bombers was diminishing. We could, the government told us, safely cancel the Avro Arrow, the world's most outstanding all-weather interceptor, but at the same time we had to continue with a defence against manned bombers. It was, of course, a defence only for a very small part of the Canadian nation, but we had to continue with a defence against manned bombers.

Not only did the government decide to proceed with the installation of the SAGE-Bomarc system, but it has also tried to convince us and the Canadian people, though not too successfully, that it should continue to operate its CF-100 squadrons even though that plane is subsonic and the latest Russian bombers which might be sent in in attack against the North American continent are supersonic.

The inconsistencies have begun to make an impression, but it has been a very difficult process to try and impress upon the government and the Canadian people the fact that the government's policy was no policy at all. As a matter of fact, I think it has been easier to convince the Canadian people than it has the government. The government's intransigence on this particular point is a mystery to all of us who sit in the House of Commons, at least on this side of the house, and I am sure to most of the press gallery and to thinking Canadians.

Why would the government cancel the first line of defence against the manned bomber, and continue with the second line? This question has never been answered satisfactorily. Time and time again those of us on this side of the house have said: All or nothing. The continuation of the SAGE-Bomarc program without supersonic interceptors makes no sense whatsoever to the Canadian people, and anyone should be able to see that.

The recent announcement from Washington that the SAGE-Bomarc program was being held up for a month for reconsideration was because the United States authorities were convinced that due to the present

accuracy of long range intercontinental ballistic missiles and because the SAGE-Bomarc installations are fixed installations they are indeed very vulnerable to missilry. The United States decided to pause for a fresh look; but not our government, which decides to go blindly on down a road leading to nowhere without giving any satisfactory explanation as to where they expect to wind up.

We believe, Mr. Chairman, that this is not good enough. If the minister would tell us that he was going to continue a complete policy of air defence, that would be one thing. If he told us he was going to re-equip the air defence squadrons and that in addition to that he hoped that the Bomarc B would be successful so that it might be used as the second line of defence, we could at least see the logic of that policy, whether we agreed with it or not. But why, at the present time, the minister refuses to tell us whether or not he intends to re-equip the air defence squadrons, while at the same time telling us that he does intend under any circumstance to continue with the installation of the SAGE-Bomarc system, it is to us a matter of complete mystery.

We repeat, Mr. Chairman, that as far as we are concerned, the SAGE-Bomarc installation by itself is ineffective and a waste of the Canadian taxpayers' money. Not only does it protect too small a part of our nation, but it is far too vulnerable to attack by enemy missiles. It is vulnerable not only to attack by intercontinental ballistic missiles; it must be remembered that one ICBM direct hit on one of these bases would wipe out the base completely and provide an air corridor through which any number of enemy bombers might fly. The bases are also vulnerable to air-to-ground missiles, missiles carried by attacking bombers; and these missiles could be launched some hundreds of miles out in advance of reaching the Bomarc bases. The Bomarc missile and the SAGE system would not be able to differentiate between attacking dummy missiles and the real thing, and they would of necessity be fired one after another and once the half squadron has gone there would be nothing left to defend our cities and the approaches to the North American continent. All would be gone; the corridor would be open and the bombers would fly through.

These overriding considerations, Mr. Chairman, are of the greatest importance. But in addition to this the missile itself has not been proven satisfactory from a technical standpoint. And so we on this side of the house take the view that, first of all, we have had no assurance that the missile will ever be effective. It is small comfort to us to be told by the Associate Minister of National Defence that it took 80 tests before the Bomarc A became operational and that undoubtedly after as many tests the Bomarc B will reach the same stage of effectiveness. This is no comfort whatsoever.

Even if it should become operational, and we repeat that we are not the least bit convinced that it ever will, we still say that with the government's present half policy toward air defence this expenditure makes no sense whatsoever and is a complete and utter waste of the Canadian taxpayers' money. Time and the time again we have raised this subject in the house. Every time the minister has given us some bland assurance that he has confidence in the missile. The minister feels that ultimately it will be successful. After all, he says, there have only been seven tests and quite often it takes many more than this before success is achieved. We wish that we could be as optimistic as he, but we are not.

Mr. Chairman, let me read some of the comments which have been made. After the sixth test questions were raised, and I have here an article which appeared in the Ottawa *Citizen* of February 2, 1960 entitled "$6 million start made on nearby Bomarc site. Cabinet ignores failure." This article goes on:

> The sixth straight fizzle of the Bomarc B missile, the type that will come to Canada in 1961 has not slackened government plans to build launching bases near North Bay and Mont Laurier.

Then the next sub heading is "Tenders called", and it continues:

> Tenders have been called for concrete work estimated to cost $6.2 million for first-stage construction of the base 100 miles northeast of Ottawa while questions are being raised in the commons about the Bomarc's worth.

Questions are still being raised, and still the cabinet refuses to act. Still the cabinet ignores failure. This cabinet seems to have something in common with the Bomarc B in that after a repeated series of failures it still does not realize that it is incompetent to do the job.

Then after the seventh test this report appeared in the Ottawa *Journal* of March 8, 1960:

> PM says not suspending Bomarc plans.
> Furore in the commons yesterday over the second straight failure of a Bomarc B test missile led Defence Minister Pearkes to protest that "we are losing all sense of proportion in this matter".

Mr. Chairman, let me ask you, are we losing all sense of proportion? This weapon is the one on which the government has hung the whole air defence of Canada. This is the only weapon in the government's plan to defend the Canadian nation against air attack either by manned bombers or by missiles. Yet we are told by the minister that

we are losing all sense of proportion in this matter. Is it not a matter of concern that the survival of our nation is at stake? The article continues:

> There are many more tests to come, he (the defence minister) indicated, and success is anticipated in them.
>
> In addition, he stated that failures to date have not been of a basic nature but that of small components; that the United States is paying the lion's share of the cost of the Bomarc program, even in Canada, and that Canada so far has spent relatively little on the program.

Further on, the article states, under a subheading "80 Test Flights":

> The Bomarc A, he explained, went through 80 test flights before becoming an operational weapon.
>
> The implication was there that the Bomarc B might do the same and he was sure that failures experienced to date "can be overcome."

We know the story of the Bomarc A. Even after 80 tests, when it did become operational, it is still no good. Attacking bombers can fly over it, or under it, and it can be jammed by radar. It is an ineffective weapon, and what assurance have we that this new weapon will be of greater use even if it does become operational?

Again, after the seventh failure, another article appeared, this time in the *Globe and Mail* of March 8, 1960. The heading is: "Pearkes Again Voices Confidence in Bomarc". One thing one can say about the Minister of National Defence is that at least he appears to be a congenital optimist. We only wish he had something to be optimistic about. This report is from the Ottawa bureau of the *Globe and Mail*, and the dateline is Ottawa, March 7. It begins:

> Following a telephone consultation with U.S. defence secretary Gates, defence minister Pearkes today again told the commons he was hopeful that mechanical failure in the Bomarc B missile would be overcome.
>
> The weapon—scheduled for a key role in Canada's air defence—failed for the seventh consecutive time in a test launching attempt at Cape Canaveral, Florida, on Saturday.

Further on, the article states:

> He (Mr. Pearkes) then reported his telephone talk with Mr. Gates, who gave him assurances that "if there is any change made at all in the defence program for the North American continent under NORAD, Canada will be consulted." Bomarc B is part of the program.

What we cannot understand is why, if the minister has been consulted, and if he has been informed of developments in the United States, he should continue to insist that Canada go ahead with this installation and continue to spend the taxpayers' money on a program which obviously has lost the confidence of military and scientific people in the United States. Why does Canada insist on throwing money down the drain? As this article says, $6 million is being spent merely for a start on a base at North Bay.

This amount of $6 million is far greater than the sum which was involved in other so-called scandals—horses on the payroll, the printing bureau and so on—and I am not for a moment suggesting that there is anything wrong in this latter case; I am merely pointing out that it is necessary to keep these things in proportion. The minister tells us that we should not lose all sense of proportion in these matters. This is a very important matter. Since when are we to be told: what is $6 million? I say that $6 million is a very important sum to the taxpayers of Canada. If it were spent in some other field it might be of real benefit. If it were spent, for example, on scientific research and development it might well achieve something of lasting worth in the military sphere, perhaps with derivatives of value to our industrial development and growth.

We would like to hear from the minister why he asks us to vote funds for the continuation of this program in the circumstances I have outlined. Why does he come and ask parliament to vote money for an expenditure which 95 per cent of thinking people know is going to turn out to be a complete and utter waste?

I was looking for another clipping reporting a meeting recently addressed by the Associate Minister of National Defence. As I recall it, it reported the associate minister as indicating his confidence in this weapon system and as saying he thought that after it had been tested a number of times it would prove to be successful. According to the report, as I remember it, the associate minister urged that Canada should continue with these plans for the SAGE-Bomarc system, and the hon. gentleman went one step further, he said that this missile should be established at other locations across Canada.

Mr. Sevigny: On a question of privilege, I most certainly never stated the last portion of the remarks which the hon. member for Trinity is imputing to me. I simply said that the Bomarc A was considered successful and that it was reasonable to hope that the Bomarc B would eventually prove to be a success, also. That is all I ever said. I deny having said what the hon. member is imputing to me at the present time.

Mr. Hellyer: I accept that correction. I am very disappointed to hear it. I was referring to a report in a newspaper, and I know that sometimes these reports are not completely accurate. But I had thought that the associate minister was for the first time showing evidence that he had some concern for the defence of people west of Toronto, that he was giving consideration to the needs of the

people of Winnipeg, Calgary, Edmonton, Saskatoon, Victoria and other western cities and towns. It is disappointing to hear him confirm that I was wrong and that he, too, has given no thought to how the air defence of Canada should be enlarged in order to include a greater portion of this country than just the area around the great lakes basin.

Mr. Sevigny: Will the hon. member for Trinity permit a question? Is the hon. member aware of the fact that the Bomarc program is part of an integrated program under the supervision and direction of the organism well known by the name of NORAD which is in charge of the defence of the North American continent?

Mr. Hellyer: Yes, I am well aware of that, and that is just the point I am trying to make, that when this integrated program is being integrated out of the United States' plans it should at the same time be integrated out of the Canadian plans. If we have an integrated program we should be consistent and not insist that we go blindly ahead with our own installations at the very time when the United States, the senior partner in this NORAD agreement, has decided that the program is no longer valid. How can the two ministers put any other interpretation on the facts. A reduction in the amount of money to be spent this year from $421 million to $50 million is surely a clear indication that the program is going to be washed out and that any expenditures we make are going to be money down the drain? Do the two ministers deny that? Can they not see the handwriting on the wall? Can they not see that our friends in the United States have come to the conclusion that the expenditure of this vast amount of money on the SAGE-Bomarc program as they had set it up even as late as a year ago is no longer consistent with their objective and the amount of money they have available to spend?

If the two ministers cannot see that, I feel they should rise in their places and explain this matter to parliament and the Canadian people because as yet they have not done so. If any further reason was required we now have it to indicate that the fullest, frankest and freest discussion of defence policy should take place at the earliest possible date.

One further dramatic piece of evidence to indicate that the government has no policy and that it should seek the advice of all hon. members of the committee has now been presented to us. Again we urge the minister and the Prime Minister that when the defence committee is established every effort be made not to restrict the discussion there but that it take the fullest possible form and that we be allowed to discuss, not only matters of expenditure and particularly past expenditure but also matters of policy affecting this country, not only in its isolated sense, but in its relationship to its NORAD and NATO partners. This discussion is essential and we again urge the minister and through him the government to allow what the Leader of the Opposition asked for earlier in the year, a full and complete policy discussion.

In the meantime, Mr. Chairman, it is obvious to us that this SAGE-Bomarc system makes no sense whatever in its present form. As a single defence mechanism against manned bombers we feel it is a waste of public funds. Therefore I move, seconded by the hon. member for Essex East:

That the amount requested by the Minister of Finance by way of interim supply in item (a) of the proposed resolution be reduced by what fraction of the estimates for the Department of National Defence being requested in the present resolution is destined for the Bomarc and Sage systems.

The Chairman: It seems to me the Chair can hardly accept this amendment because it is impossible from its wording to determine the exact amount by which there would be a reduction in the main resolution. Unless the hon. member can find an amendment which would make it in order, I cannot accept it.

Mr. Hellyer: Mr. Chairman, my amendment in amended form would read as follows. I move:

That the amount of interim supply in item (a) of the proposed resolution be reduced by $1 million.

Mr. Martin (Timmins): Mr. Chairman, not too long ago I had the privilege of visiting Halifax in company with the hon. member for Trinity. I am not sure who is the most effective missionary but on two days in succession I find myself in complete agreement with the hon. gentleman. The hon. member for Kootenay West referred yesterday to the excellent C.C.F. speech made by the hon. member for Trinity and today I find myself again in complete accord with him. I do not wish to add too much to what has been said. In view of recent developments we are becoming more and more convinced that Canadian defence policy is just the tail of the kite of United States defence policy. When a kite is flying it goes in one direction but the tail may go in five or six other directions. They are tied together but the tail goes in another direction.

I do not know who is responsible for this. I hope the Minister of National Defence is not because I have great personal regard for him. I think rather this is the fault of the cabinet as a whole and unfortunately

the poor minister must face the consequences. He has stated on a number of occasions that he has confidence in this missile. We in the opposition and Canadians generally have no confidence either in this missile, in the government's defence policy or in the minister in having to present this policy to parliament and the people. If the blame is the minister's own, in the face of everything we have seen today I think the greatest service he can render his country is to resign from his office. If, on the other hand, it is not his fault and he has only to face the music on behalf of the cabinet, then it is time they took another look at what they are trying to do. I do not think they have the confidence of parliament or the Canadian people with regard to defence policy at the present time.

Mr. Pearson: Is the Minister of National Defence not going to say anything about the statements that have been made on defence policy this morning?

Mr. Pearkes: Mr. Chairman, I replied to various questions about defence policy in the question period this morning.

Mr. Peters: I wish to support the amendment that has been moved. I recently visited North Bay a number of times and inquired of the people there and learned there is a difference of opinion about what is going on with respect to the Bomarc development. The people are entitled to know what is happening. We know the value of the class B Bomarc and are completely unsatisfied with this. If Canada is going to pursue the defence policy that has been outlined in the past few years we will obviously have to have bases in Canada and for this reason Mont Laurier and North Bay were chosen. Canada will have to give some assurance to the people that we are not building bases that cannot be used for anything else in the light of developments with respect to the Bomarc B in the United States. I believe that one of these days the minister will come to parliament and tell us that the United States government has scrapped its program for Bomarc B missiles and that we are now going to use Nike, Thor, Atlas or some other missile presently under development. If we build cement bases in North Bay they should be suitable for use with other types of missiles.

We cannot change our program overnight in the House of Commons and say that this nation will be able to go into the production of another type of missile, because the fixtures that have to be installed for this type of firing are not interchangeable from one rocket to another. Each one requires a different type of base. For this reason I think we should discontinue our work on the Bomarc missile base at the present time and wait until we have more assurance that this is the type of missile we are going to use, because I doubt whether it is. We should be in the position to be able to change over.

I should like to ask whether in fact any Bomarc missile base is in the course of erection in North Bay area. It is my understanding that there is a trailer parked on the highway at about the approximate place at which the semi-automatic ground environment tunnel is to be, and this is the extent of the development. In fact no work is taking place on the Bomarc missile base at all.

This may be a very hush-hush matter. If it is, the people of North Bay may not know everything that is going on, but some of the citizens should be in a position to know. They know of absolutely no work going on at the missile base. The only work that is going on is taking place at Trout lake, and the Trout lake development is the semi-automatic ground environment for the eastern central command. There will be a tunnel between the environments and it is not really a missile base anyway.

If we are voting an appropriation, if we are voting supply toward this missile base, then we should know whether it has been started or not. The minister has informed the house that the Mont Laurier base has not even got to the stage where we own the land, although we have an option on the land where the base will be built.

I am in agreement with the hon. member for Trinity with respect to this amendment. It would seem to me that we should at least leave ourselves an opening, and if we are building a Bomarc missile base at North Bay today we should be sure it will be applicable to some other type of missile. We should be giving consideration to an alternative plan because, obviously, if we have any more failures in the Bomarc missile development program there will be no missiles developed in the United States. Canada is not in a position to make another mistake such as we made with the Arrow. I do not think we are in a position to make that kind of a mistake more than once every 10 or 15 years, and we we have already made it. This is a worth-while amendment and it has my full support.

Mr. Pearson: Mr. Chairman, this amendment which the hon. member for Trinity has moved in an impressive, reasonable, logical statement is one of no confidence in the defence policy of this government,

with particular reference to the expenditure of money. We are being asked to vote expenditures of money now on some aspects of that defence policy which, in our view, make no sense whatever, especially in the light of the information we have received in the last day or two from Washington concerning the Bomarc missile, and not only the Bomarc missile but the whole system of continental defence which is under review and re-examination in Washington at the present time. In the light of what has happened to this particular missile, and in the light of this re-examination which is taking place in Washington of the bases of our continental defence system, to which we are attached, it seems to us, Mr. Chairman, to be the height of folly to go ahead with expenditures of this kind.

In so far as the Bomarc is concerned, surely a single dollar now being spent on Bomarc facilities and Bomarc bases is, to say the least, in very great danger of being wasted, especially, Mr. Chairman, when the government cannot make up its mind as to what kind of weapon this Bomarc would be if it were successful technically. The Secretary of State for External Affairs and the Prime Minister have recently thrown some doubt on the advisability, which some of us share, of using nuclear warheads in this particular weapon if it should in fact be technically successful, and there is no evidence to that effect. But the Minister of National Defence has been quite specific and categorical on this subject. He has not retreated one inch, so far as I know, from the position which he announced on March 10, 1959, when he said, as reported at page 1776 of *Hansard*:

> Both the Prime Minister and myself have on several occasions stated that there will be two squadrons of Bomarcs... These will be separate units with complete establishments of personnel, missiles and launching apparatus.

He made clear, as the Prime Minister made clear at that time and on other occasions, that those two complete squadrons would not achieve their maximum effectiveness unless they had nuclear warheads. However, there is no indication, even from the minister's statement this morning in answer to a question, that the government's confidence in this missile, which confidence has been pretty well abandoned in the country where it is being made, is shaken in any respect. This is just one example of wasteful expenditures of money on national defence policy.

Another example, perhaps, is the Lacrosse missile. On October 1, 1958 the Prime Minister announced that we would establish a battery of Lacrosse missiles at initial cost for equipment of $1,198,000. It was stated by the minister in the house on July 3, 1959 that there would be an item in the estimates for that purpose. The minister said, as reported at page 5443 of *Hansard*:

> There is money provided in the estimates for the initial procurement of this Lacrosse weapon.

We were told on February 22, 1960, as reported at page 1296 of *Hansard*, by the minister, who had said the year before that there was going to be an item in the estimates:

> ... we are not at the present time in a position to make any firm recommendations or place a firm order.

He was referring to this particular missile. This is the kind of thing which surely gives us the right to make this kind of motion of no confidence in the spending policy of this government in matters of defence.

What is the relationship of this uncertainty, to say the least, to the whole question of continental defence? The Bomarc is likely to be a failure; the CF-105 has been scrapped. We now have our continental defence, in so far as there is any defence of any kind, through interceptors composed of squadrons of CF-100's, squadrons of CF-100's which could not possibly be effective against the latest potential manned bomber let alone missiles for which they were not designed to be effective, squadrons of CF-100's which the minister himself said on May 28, 1957 were obsolete. On that occasion he was reported in the Victoria *Times* of May 28, 1957 as saying:

> Millions of dollars have been spent developing and producing the CF-100 jet fighter, which now are obsolete and unsaleable.

They are the planes which are now the only equipment we have in respect of continental defence. Presumably in these particular estimates which we are now being asked to vote, there will be some money for the maintenance and upkeep of the CF-100's in our continental defence squadrons.

There is something even more surprising than the incidents I have mentioned in regard to defence policy and which gives us even better cause to question the advisability of spending money of this kind on this kind of policy. The Acting Secretary of State said in this house on March 11, 1960, page 1972 of *Hansard*:

> Mr. Speaker, I did not consult my colleague, but I still say that our $281 million contribution to the Colombo plan has done much more for world peace than the billions which we have had to spend on defence.

We are being asked to spend more millions on defence which, according to the Acting Secretary of State, are not as effective for defence as are the expenditures on the Colombo plan. When we questioned the Minister

of National Defence on that particular statement, he agreed with it. His reply is found on page 1973 of *Hansard*, where he said:

> Mr. Speaker, all members of this government agree with the statements made by another hon. member of the government.

If the Minister of National Defence agrees with that kind of statement, how can he justify expenditures of this kind on things like the Bomarc, presumably on the Lacrosse, and on other aspects of continental defence which are increasingly under question in Washington as being of no value at all for defence. This is the kind of thing, which gives us every right to move a vote of no confidence in the defence expenditure policy of this government. This is the kind of thing which leads us even now to insist that this whole question of defence policy should be re-examined from the very foundation. Perhaps the minister even now will do his best to make that possible in the committee which is being set up, restricted though its terms of reference may be. Perhaps the minister even now in this committee will say something to justify the expenditure of millions of dollars on this kind—if you can call it that—of defence.

Until he can do that and do it convincingly—which is not going to be very easy in the light of the evidence we are getting every day—we will support this motion as an indication of no confidence in the defence expenditures and defence policy of this government.

Mr. Argue: Before a vote is taken I want to make it clear that we in this group will support the motion for precisely the reason given by the Leader of the Opposition, namely that we have no confidence whatever in the defence policy of this government. We feel, and feel very strongly, that Canada today by and large is spending $1,600 million on a defence program for obsolete weapons, obsolete equipment, and that is an expenditure that is a sheer, fabulous waste of money. We think it is not only a waste of money but it is bound to lull the Canadian people into a sense of false security, certainly any of them who may put some credence in the statements of the Minister of National Defence. We feel that a great part of these hundreds of millions of dollars should be diverted from the Department of National Defence—any expenditures such as this—to the economic assistance of the emerging nations in the world.

If that were done we feel convinced that we would get a far greater degree of security for our nation, and for others believing in our type of system. We believe that before the defence committee that is being established there should be a full, complete and unfettered inquiry into defence policy; that there should be no endeavour, as there will be undoubtedly, to prevent the committee from making recommendations that would clear up the defence mess into which our country has been plunged. The most disturbing feature, I think, of our whole policy is the complete reliance of the government on the United States defence program. We are the tail on the United States defence policy. We are in the hip pocket of the United States on defence policy. We are called a partner, but we are not a partner. We are not a partner in policy. We are not a partner in basic discussions. We are merely the errand boy for the United States in this defence program.

The government does not even know from day to day what United States defence policy is. They are not informed. Apparently they do not even listen to the radio to hear the reports that are coming forward. What is the announcement now? The announcement is that the United States is going to reduce its own expenditure from $420 million to $50 million on the Bomarc.

Mr. Speakman: Who told you?

Mr. Argue: Who told me? It was not the Minister of National Defence. He is not in the know. He has not been informed. This announcement was on the radio this morning, and I think there is every indication that this is the thinking, the likely policy, in the United States.

The Minister of National Defence told us on a former occasion that the United States would be putting some $70 million into the Canadian section of the Bomarc defence system. We are being left high and dry, obviously, if the United States expenditures are cut from $420 million to $50 million, if we had originally expected $70 million as our share in this development. This government promised that Canada would be able to hold its head high. We would have an independent policy, and that where our policy was associated with the United States we would be an independent partner with a substantial voice in defence policies.

We are not being consulted. Obviously, the government is not being consulted. The government is not even being informed of the very tremendous changes in the United States defence system. It is obvious that Canada is merely waiting to follow the statements of policy that emanate from the United States from time to time. This, for Canada, is a very degrading position. We not only stand defenceless today because of the policy of the

government, but in the eyes of the world we must look a complete, but somewhat unimportant, satellite of the United States.

I hope the Minister of National Defence will not allow this vote to be taken without some comment. He may not wish to give opposition members the satisfaction of a reply but he owes the people of Canada a reply outlining the government's attitude at this time in these very rapid developments in the defence policy of the United States.

The Minister of National Defence has taken a posture on these huge expenditures on obsolete weapons. He is not willing to compromise on this attitude. Obviously it is a misdirected policy. I think the policy should be changed. If, in order to change its policy, it is necessary for the government to change the minister who occupies that portfolio, then this should be done. We need a new attitude and a new policy in the Department of National Defence. If one reads the editorial pages of some of the main newspapers of this country that traditionally support either the government party or the opposition party one will see a clear indication that people in all walks of life supporting all political parties say that this government's defence policy is misdirected, useless and in need of a thorough and complete overhaul. For these reasons, Mr. Chairman, we are delighted to have the opportunity to support this amendment.

Mr. Pearkes: I am going to reply to the criticisms which have been made because, as I pointed out this morning on the orders of the day, a great deal of this criticism has been based on a speculative report which can only be described as a leak from a meeting of a committee which is being held in the United States and which was held in camera. However, I want to contradict flatly the statement which was made by the hon. member for Assiniboia a few minutes ago that Canada was not being consulted. Canada has been consulted step by step and Canada's opinion has carried weight. I can say quite frankly that I have been speaking almost daily with the secretary of defence or Mr. Douglas who is his deputy in Washington. I am fully informed of the proposals which are being presented to the committee on appropriations at this time. But until that committee has heard all the evidence and until the committee has reported upon what its recommendations are—and I say "recommendations" advisedly because, as far as Canada is concerned, nothing will be done without consultation with Canada—I am unable to say anything. I am not going to talk about matters which are based purely on a newspaper report which, as I say, purports to be a report of a committee held in camera.

[Mr. Argue.]

Mr. Argue: The minister has said that the report is a leak or that this was a confidential inquiry in camera. Does the minister deny the report? Does he deny that there is going to be made a very slashing reduction in the United States appropriations for the Bomarc missile?

Mr. Pearkes: As I said, I have no comments to make at this time.

Mr. Hellyer: I have just one comment based on the minister's statement of a moment ago. If he has been as well informed as he has led this committee to believe, I cannot understand—nor, I am sure, can my colleagues—why, when the United States air force itself decided to suspend operations temporarily pending a re-evaluation, the government did not accept the advice given them by those on this side of the chamber on January 26 last. That is the very least that should have been done.

Some hon. Members: Question.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

The Chairman: The question is on the amendment.

Amendment negatived: yeas 23; nays, 82.

The Chairman: I declare the amendment lost. Shall the resolution carry?

Mr. Martin (Timmins): I have a few remarks that I should like to make before this resolution passes, Mr. Chairman, and I wonder whether I might call it one o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Martin (Timmins): Mr. Chairman, I should like to make a few remarks on the subject raised by the leader of our group, the hon. member for Assiniboia, when he spoke this morning, the recent incidents that are very much in the minds of the Canadian people at the present time, namely, the racial violence in South Africa.

I should like to impress upon the government in particular the importance of one aspect of this question which I do not think has been stressed so far. The incidents of wanton butchery the other day, reprehensible though they are, are overshadowed by what could develop from these incidents. History down through the years is dotted with examples of people in such straits as the

coloured people of South Africa being driven in pure desperation to blood baths which have spread right across a whole continent, and which in fact could spread right across the world. We may find a situation where this policy of apartheid will spread and become a war between the races.

If we stop to look at the possible reason behind what happened, Mr. Chairman, I think we will find it is really based on a false premise. I think the reason the situation came about is due to the fear of the white people that if the coloured people are given equal representation in a place where they outnumber the whites there is a danger of their treating the whites in turn as the whites have treated them in the past. Again, I think if we look back in history we will find that there is no basis for such fears. Only the white race down through the years seems to have been cursed with this rapacious greed for wealth and power. The red people of this country did not have it; at least, they did not until we taught it to them. The brown people of the West Indies and the Far East did not have it until we brought it to them. The black people of Africa did not have it. It would appear that the white race is the only race that seems to be cursed with whatever it is that seems to bring about this war between races.

I should like to impress upon the government and the Prime Minister that if we do not speak up against this sort of thing we will be seen in the eyes of all coloured peoples of the world as condoning by our silence what happened the other day. I cannot recall any injustices in our history, Mr. Chairman, which were corrected unless somebody spoke out against them and did something. I say that if we do not speak out against this injustice we will stand condemned in the eyes of all the coloured people in the world.

Motion agreed to.

Resolution reported and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

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

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

Mr. Fleming (Eglinton) moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1961, the sum of $603,488,902.52 be granted out of the consolidated revenue fund of Canada as set forth in the resolution concurred in this day in the committee of supply.

(Translation):

Mr. Boulanger: Mr. Chairman, the government is asking us today to authorize supplementary estimates for the Department of Agriculture representing a fairly large sum of money.

We note that the first item in the supplementary estimates requires no elaborate comments, even though it calls for a rather high amount in administration costs of the agricultural stabilization board, considering that we are being asked to vote an amount of $57,661,176.

(Text):

Mr. Fleming (Eglinton): On a point of order, Mr. Chairman, I think the hon. gentleman must be under a misapprehension as to the matter we are now discussing. We are in committee of ways and means at this time, the committee of supply having reported the former resolution. The hon. member is discussing one of the items in the supplementary estimates which we have not yet reached.

Mr. Martin (Essex East): We are trying to save time.

(Translation):

Mr. Boulanger: Mr. Chairman, I should like to say a few words about the agricultural stabilization act—

I am sorry, Mr. Chairman, I thought I could deal with agricultural stabilization, during the discussion on supplementary estimates of the Department of Agriculture.

Mr. Martin (Essex East): The hon. member for Essex East is to blame.

(Text):

Motion agreed to.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-54, for granting to Her Majesty certain sums of money for the public service of the fiscal year ending the 31st March, 1960.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall the bill be read the second time? Now, by leave?

Mr. Pickersgill: By leave.

Mr. Fleming (Eglinton) moved the second reading of the bill.

Mr. Pickersgill: I wonder if the minister could assure us that the bill is in exactly the same form as the resolution?

Mr. Fleming (Eglinton): Yes, Mr. Speaker. The bill is in the usual form.

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

Mr. Deputy Speaker: When shall the said bill be read the third time? By leave, now?

Mr. Pickersgill: By leave.

Mr. Fleming (Eglinton) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Livestock division—

634. Grants to agricultural organizations, as detailed in the estimates—further amount required, $43,000.

Mr. Martin (Essex East): With regard to these grants to agricultural organizations, I do not suppose that the Minister of Finance can possibly be expected to have any knowledge of the important subject of agriculture, certainly only in very general terms, and that being the case, and as I notice that the Minister of Agriculture is not here, I am glad to see that the parliamentary secretary to the Minister of Agriculture is present. Perhaps he can assist the minister in answering questions which, as I say, cannot be expected to lie within the wide range of knowledge that the Minister of Finance possesses on matters which are of substance as well as matters involving procedure in this house.

Item agreed to.

635. Quality premiums on high grade hog carcasses and administration costs—further amount required, $800,000.

Mr. Pickersgill: I wonder whether the parliamentary secretary could give a brief explanation of this item?

Mr. Fleming (Eglinton): If the hon. gentleman does not mind, I will endeavour to reply to his question, and I assure him and the hon. member for Essex East that I am not without some farming experience. I speak as a one-time farm labourer, and I shall endeavour as best I can to answer the questions which come from those two expert agriculturist friends of mine.

Item 635 contemplates the provision of an additional sum of $800,000. The original estimate here was a substantial one and it has already been increased by supplementary estimate. The marketing of hogs during the present fiscal year has exceeded all previous forecasts indicated in the main and previous supplementary estimates. Based on the figures for the marketing of hogs since January 1, 1960, the forecast of hog marketings to the end of the fiscal year is 148,000 hogs per week, and an additional sum of approximately $800,000 is required for the payment of the premiums on grade A and B hogs which are eligible. Included in the estimate is the $9,000 required for the printing of additional premium warrants.

Mr. Pickersgill: Speaking as one who was born on a farm in Ontario and raised on a farm in Manitoba, I should like to ask the minister if these premiums were for the purpose of stimulating the production of hogs, and if the hon. gentleman finds any inconsistency in the fact that these premiums are paid to stimulate production when, at the same time, the government has changed its support policy in midstream to cause the contrary effect on production. How does the minister reconcile those aims in the treasury board?

Mr. Fleming (Eglinton): The hon. gentleman is not giving us a correct surmise when he says that the purpose of these premiums is to increase production. The purpose of the premium payment is to encourage the improvement of quality.

Mr. Martin (Essex East): Can the minister tell us what the division of this expenditure is? I see it covers not only quality premiums on high grade carcasses but administration costs. What are the administration costs?

Mr. Fleming (Eglinton): There is $9,000 for the printing of premium warrants and $791,000 for the payment of the quality premiums on A and B carcasses.

Mr. Pickersgill: I thank the minister for reminding me that Mr. Gardiner started these quality premiums before the war for the purpose of getting into the United Kingdom market. Can the minister tell us how many hogs or hog products have been shipped into the British market in the past year?

Mr. Fleming (Eglinton): No, Mr. Chairman.

Item agreed to.

Plant products division—

637. Contributions to the governments of the provinces of Manitoba and Saskatchewan, in accordance with terms and conditions prescribed by the governor-in-council, of one-half of the amounts paid by the governments of those provinces for transporting haying equipment, fodder and livestock to and within those provinces on and after July 1, 1958—further amount required, $13,500.

Mr. Martin (Essex East): Just a minute, Mr. Chairman. You are going so fast that the Minister of Finance and I are having difficulty in following what we are called upon to vote. This looks like a rather important item although the amount involved is not as large as the preceding vote. Perhaps the minister could give us some information.

Mr. Fleming (Eglinton): Vote No. 637 contemplates the provision of $13,500 as Canada's contribution to the governments of two of

the western provinces, Manitoba and Saskatchewan, toward the cost of transporting haying equipment, fodder and livestock to and within these provinces after July 1, 1958, as indicated in the item No. 637. There have been payments made. The actual expenditure to January 31, 1960 was $34,541, and it is estimated that the amount required to provide for these payments to the end of the present fiscal year is an additional sum of $13,500 in round figures. The bulk of it is for the province of Saskatchewan.

Mr. Pickersgill: Was any of that money expended in the main vote for Alberta?

Mr. Fleming (Eglinton): No, this is for Manitoba and Saskatchewan.

Item agreed to.

638. To extend the purposes of vote 614, further supplementary estimates (1), 1959-60, to include the transport of livestock bedding other than straw, $1.

Mr. Pickersgill: The hon. member for Kenora-Rainy River expressed some concern about this dollar item. Perhaps the minister would tell us what the purpose of it is?

Mr. Fleming (Eglinton): Yes, Mr. Chairman. The purpose of this item is not to add money but to enlarge the scope of an item that was previously passed in the supplementary estimates which was an item of $300,000. It made provision for payments toward transportation costs on shipments of fodder and straw and on the movement of cattle from October 12, 1959, to the end of the present fiscal year. It is desired to extend this cost-sharing to include sums paid on other forms of livestock bedding such as shavings and sawdust due to the shortage of straw, particularly in Manitoba.

Mr. Pickersgill: Could the minister say where the shavings and sawdust come from?

Mr. Fleming (Eglinton): I cannot in all cases, Mr. Chairman, but it is intended for use in Manitoba principally.

Item agreed to.

Special—

639. Prairie Farm Assistance Act administration—further amount required, $134,000.

Mr. Martin (Essex East): Mr. Chairman, the Minister of Finance will perhaps recall that when we were discussing the crop insurance legislation last session there was some discussion about the relationship of prairie farm assistance to crop insurance. Can the minister say whether or not any of the reluctance of the provinces to participate in the federal scheme is due in any way to the attitude taken by the federal government toward payments with regard to prairie farm assistance and any beneficial consequences to any individual farmer under the Crop Insurance Act?

Mr. Fleming (Eglinton): I should think not, Mr. Chairman.

Mr. Martin (Essex East): In view of what the Minister of Agriculture had to say about this subject, I think the minister will recognize that his brief reply is hardly relevant or helpful in the matter. I am asking if one of the provinces has objected to the scheme because a farmer cannot obtain both benefits?

Mr. Fleming (Eglinton): Mr. Chairman, the point of my answer was that I think the two subjects are not related. The hon. gentleman is seeking to impinge a discussion in relation to crop insurance on an item that relates to prairie farm assistance.

Mr. Argue: These two things are different, Mr. Chairman, but they are closely related because to the extent crop insurance may be adopted in given areas it will reduce the amount of crop insurance paid under prairie farm assistance and—

Mr. Fleming (Eglinton): I think I can satisfy my hon. friend, Mr. Chairman. There is nothing in this item that is being voted now that provides for crop insurance. This is simply an additional amount of $134,000 to be added to the amount previously voted by parliament to provide the administrative requirements of the Prairie Farm Assistance Act. It arises out of inspections. That is the immediate occasion for asking for the addition.

Mr. Argue: I understand that fully. I can tell the minister why he needs the money. As time goes on and more and more inspections are made under the act during a given crop year, it is found that certain sums of money are required and so parliament has to vote them.

Mr. Fleming (Eglinton): It is specifically this situation in the west. These increased inspections were the result of early snow in the prairie provinces. It was necessary to re-inspect areas that originally were considered ineligible for assistance. In some cases several re-inspections had to be made. It is this situation which has given rise to the need for this additional appropriation.

Mr. Argue: If one could interpret from what the minister said that those with crops under the snow would become eligible it would be a welcome innovation, but I do not think that is what the minister is saying.

Mr. Fleming (Eglinton): I repeat what I actually did say, Mr. Chairman. These additional expenditures were due to early snow

on the prairies and re-inspections became necessary because of that fact.

Mr. Argue: I would hope that the minister would consider the question I am about to ask under this item. I think it is as relevant as any discussion about prairie farm assistance can be. Is there any indication that certain areas will be brought under crop insurance during the coming year so that there may in fact be somewhat less money required for prairie farm assistance? The minister well knows that the provinces are complying with the federal legislation and passing complementary legislation to make it operative, but is there any indication that certain areas will in fact have the 25 per cent sign-up necessary to bring them under crop insurance?

Mr. Fleming (Eglinton): Mr. Chairman, that will depend, of course, entirely on the governments of the provinces themselves and their legislatures but there is nothing in this item that pertains to this subject. There is no provision in this item in relation to crop insurance.

Mr. Argue: The minister misunderstood my question. I did not ask whether the province of Manitoba would provide some type of crop insurance scheme. My question was this. Has the government any indication that a given area or a number of areas will come under the crop insurance plans that are being provided?

Mr. Fleming (Eglinton): I understand that there has been no conclusive indication in that respect but again that is a situation that could change as a result of provincial action.

Mr. Argue: The minister's statement tends to confirm my impression that a vast majority of areas in the prairie provinces do not consider the crop insurance plan set out in legislation passed last year sufficiently attractive in order to come under the provisions of the act and therefore exclude themselves from the provisions of prairie farm assistance. I think the scheme was misconceived in its various clauses, was brought in without the consent of the provinces and got off to a bad start. Worse still, there is not sufficient incentive for the vast majority of areas to get the 25 per cent sign-up which is the minimum requirement.

Item agreed to.

640. Estimated amount required to recoup the agricultural commodities stabilization account for the net operating loss of the agricultural stabilization board during the fiscal year 1959-60, $57,661,176.

(Translation):

Mr. Boulanger: Under this item, we are asked to vote an amount of $57,661,176 under the heading "Operating loss sustained by the agricultural prices stabilization board". That, Mr. Chairman, is the highest amount Canada has ever spent to support farm prices, since the passing of the Agricultural Prices Support Act in 1946.

If we look at the report, we find that the total amount spent under the act since 1946 is approximately $100 million, including the losses arising from the outbreak of foot-and-mouth disease, mainly in the western provinces, and which accounted for $70 million of that amount.

Under the Liberal administration, from 1946 to March 1957, the Agricultural Prices Support Act cost $25,052,806.98.

Now if you look at the expenditures for the past three years, that is since the Conservative government took over, you find that in 1958, Canada spent close to $6 million, and in 1959, $15,124,000. Now, for the year 1959-1960, we are asked to vote $57,661,176.

That means that since the election of the Conservative government, it has cost the taxpayers the substantial amount of $78,773,819 to support agricultural prices.

In short, therefore, it can be said that in the last 12 years of Liberal administration, it cost us $25 million to support those prices, while in three years of Conservative administration, the amount expended was $78 million.

(Text):

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

(Translation):

Mr. Boulanger: If I may, I shall go on with my remarks and you can ask your question when I have finished. Those are substantial amounts and no doubt did a lot of good to farmers. But did the Agricultural Stabilization Act, which the Conservative government introduced, help farmers to the extent called for by their requirements and by fairness? No, far from it. While farmers had been promised support prices tied to cost prices and set 12 months in advance, the government recently backed down on this plan.

Admittedly the Minister of Agriculture (Mr. Harkness) did set interesting prices for certain commodities in 1958, 25 cents for pork and 44 cents for eggs; but what has happened since? Many businessmen, manufacturers, and

even professional men went into pork and cattle breeding with resulting well known awkward surpluses.

Then the government was seized with panic, and the Minister of Agriculture went back on his wonderful promises and forgot the fine arguments he had used when the bill was being considered.

It is true, as Mr. Paul-Henri Lavoie said in the *Terre de Chez Nous* of May 6, 1959, that:

Whenever surpluses substantially exceed marketing possibilities, a high class show is put on, led by groups whose real intentions are concealed by high-sounding names. Panic-stricken government authorities rush into legislation which often bears the earmarks of expediency.

What a face-about since the statements the Prime Minister made in 1957 and 1958.

What reversal too, in the attitude of the Minister of Agriculture who recently made the following declarations during the convention of the Catholic farmers' federation in Toronto:

(Text):

We have managed to maintain better prices for a considerable number of commodities, particularly through the operations of the stabilization board, but only so much is possible along these lines.

(Translation):

The minister claims that his government helped maintain better prices for a considerable number of farm commodities. But, of course, he is very careful not to say for which ones. Were they better prices for wheat, oats, barley, pork, eggs, etc.? Of course not. And in the same speech he said that the prices obtained were higher than those obtained by U.S. farmers.

In closing his remarks, the minister said:

(Text):

The policies of this government during the past two and a half years were designed to improve farm income position and share of the national wealth.

(Translation):

Can you imagine, Mr. Chairman, a responsible minister making a statement like that when it is known to everyone, especially to farmers, that the net farm income in 1959 was 7 per cent lower than in 1958, that is, by $88,174,000.

In spite of the huge amounts we spend to support the prices of farm products, those prices keep coming down, while the cost of goods and services required by the farmers keep rising. In this connection, I should like to quote a few figures which I would ask the Minister of Agriculture to consider, after he has had a chance to read my remarks, since he is not in the house this afternoon. I would ask him to consider and ponder those figures, and I dare him to challenge their accuracy.

If we compare the average price of certain farm products in the ten-year period running from 1947 to 1956 with the average price in 1957, 1958 and 1959, we find that during the last ten years of the Liberal regime, wheat was selling at $1.49 a bushel, whereas in the last three years it has been selling at $1.23. In the last three years, barley, that used to fetch $1 a bushel, has been selling at 75 cents a bushel. Oats, which between 1947 and 1956, was selling at 65 cents, has been selling at 53 in the last three years. Prices of flaxseed have similarly dropped from $3.36 to $2.67; pork is down from $27.16 to $26.19 a cwt.; eggs, which used to sell at 41.6 cents a dozen, have been selling at 35 cents a dozen in the last three years.

I could go through the list of all farm products, and we would find similar price drops. I have here all the figures. For instance, rye which used to sell at $1.50 a bushel during 1947 to 1956, sold at 58 cents a bushel in 1958; the price of potatoes dropped from $1.99 to $1.73.

Mr. Pigeon: What about butter?

Mr. Boulanger: Butter has been selling at 64 cents and I hope the government will keep it at that level. It is the only product on which eastern farmers depend for staying on the farms.

Mr. Pigeon: Why was it not increased under your administration?

Mr. Boulanger: Mr. Chairman, I have just given figures of farm prices and shown that there has been a steady decline as a result of Conservative party policy. Now if we look at the price index of goods and services bought by farmers we find that, there too, prices are detrimental to farmers. In 1956 for instance, the price index for goods and services bought by farmers was 247.6; it went up to 255.9 in 1957, 259.9 in 1958 and to 273.5 in August 1959. This is to say that, since 1956, the price index of goods bought by farmers has gone up by 25.9. If we take the index from January 1, 1959 to August of the same year, we notice an increase of 13.6 in eight months.

We have not heard the Minister of Agriculture deal with the price index of goods bought by farmers.

As for the farm prices index, it was 234.6 in 1956, and three years later, in 1959, it reached 238.1, an increase of 3.5.

Prices of goods and services increased by 25.9 while farm product prices did so by only 3.5. In addition, with the prices the farmer now gets for his product, he can buy 27 per cent less of the goods and services he needs, as compared to 10 years ago.

If we examine the report of the royal commission on price spreads of food products, we note that in 1957 farmers obtained for every retail sale dollar: 53.9 per cent for beef; 59.7 per cent for pork and 77.1 per cent for butter. I could mention a lot more products but shall mention only a few: on the price of canned tomatoes, the farmer's share was 18.3 per cent; on evaporated whole milk, 41.1 per cent.

In 1949, for every dollar paid by the consumer for farm products, farmers received 59 cents, whereas they were getting 44 cents in 1958.

Yet, as reported in the April 27 issue of the Ottawa *Journal*, the Prime Minister had this to say in Newcastle on April 26, 1957:

(Text):

His party's agricultural program, he said, would include a system of flexible price supports, aggressive salesmanship around the world for Canadian farm products and an early commonwealth conference.

Between 1951-1955 he said, the farmer's share of the consumer price dollar dropped from 59 to 51 cents.

(Translation):

That is what the Prime Minister was saying two and a half years ago.

Today, the figure has reached 44 cents. The Prime Minister dared to say, as did the Minister of Agriculture himself, as reported on page 255 of *Hansard* of January 23, 1959:

Therefore I feel it is quite apparent that the cost-price squeeze which was a cause of hardship to the farmer under the Liberal administration ever since 1951-52 has been finally halted and reversed.

Mr. Chairman, only after we have compiled all the figures for the years during which the Conservative party will have been in office shall we be able to realize all the damage caused to our farmers.

Since the Agricultural Stabilization Act has not achieved the purpose for which it was passed, I suggest that the government should establish a commission composed of farm experts and leaders of farmers' unions, in order to consider and work out a plan consistent with farmers' needs. In a word, an advisory committee capable of establishing an over-all plan for amending the Agricultural Stabilization Act, so as to set definite support prices, in relation not to some percentage of the average price over the last ten years but to the production cost index.

I ask the Minister of Agriculture and the government to instruct the committee on agriculture to discuss the Agricultural Stabilization Act and to investigate the estimated loss to our farmers.

I am making these suggestions, because I have some doubt as to the ability of the Minister of Agriculture. It is hardly possible that the experts, or the officials of the Department of Agriculture, who have been advising the Minister of Agriculture and all the other cabinet ministers these last twenty two years, are not still giving the present Minister of Agriculture, and the present government, the same sound advice. However, this act has not achieved the expected results, and I challenge the minister to prove that it has helped give the farmer his fair share of the national income, to which he is entitled. The net income of farmers, as I said a moment ago, has been $88 million less in 1959 than in 1958, in spite of those $57 million we are now called upon to vote.

I challenge the Minister of Agriculture to show us that the Agricultural Stabilization Act has safeguarded the interests of the small farmer. Moreover, I challenge him to show us that farmers have known, 12 months in advance, the prices of farm products such as eggs and pork. I also challenge him to show us that his act has not been the cause of a price upheaval in the field of farm products in the course of the last two or three years.

If the minister has nothing to fear, he will accept this challenge and ask the committee to look into that matter and to report to the house. His refusal will be the clear evidence that his government has repudiated its promises, the Agricultural Stabilization Act and farm people.

(Text):

Item agreed to.

BOARD OF BROADCAST GOVERNORS

641. Salaries and expenses of the board—further amount required, $23,889.

Mr. Pickersgill: I wonder whether the Minister of Finance can tell us why there should be such a rather considerable increase in the expenditures as there appears to be. Perhaps he could also refresh our minds as to what the original vote was.

Mr. Fleming (Eglinton): Item 641 contemplates the provision of an additional $23,889 toward salaries and expenses for the board of broadcast governors. The item in the main estimates was $200,000. It has been found necessary to add to this amount in order to cover expenses partly as a result of the public hearings being conducted by the board of broadcast governors for second television licences in Winnipeg, Vancouver, Montreal and Toronto.

Mr. Pickersgill: Can the minister say whether a corresponding amount has been saved within the C.B.C budget as a result of the transfer of these quasi-judicial functions to the board of broadcast governors?

Mr. Fleming (Eglinton): It is not reflected in the supplementary estimates. But of course when the functions of the adjudicating body were detached from the normal functions of the Canadian Broadcasting Corporation, I think there was some expectation that there might be some saving. But that would have nothing to do with the present item which arises by reason of the fact that more public hearings were found to be necessary during the course of this year.

Mr. Pickersgill: Can the minister confirm recent rumours about who is going to get the licence in Toronto?

Mr. Fleming (Eglinton): No. I do not know.

Mr. Pearson: Can the minister give us any indication of the principles on which the board operates in the giving of these licences?

Mr. Fleming (Eglinton): I think I will have to refer the hon. gentleman to the act and to what the board has said in indicating the standards to which it wishes those holding or receiving licences to adhere.

Item agreed to.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Indian affairs branch—

642. Welfare of Indians—Operation and maintenance—further amount required, $410,000.

Mr. Peters: Does the minister care to indicate whether this item is an indication that the amount of welfare assistance being paid to Indians in various localities has been increased as has been asked for by a number of members in past years?

Mr. Fleming (Eglinton): Yes, sir. This item covers both direct relief assistance to Indians and also payments for the care of indigent Indians including maintenance of juvenile delinquents.

Mr. Pickersgill: Does it reflect any change in policy?

Mr. Fleming (Eglinton): Yes. There is an increased scale of food relief that is reflected here.

Mr. Benidickson: That is perhaps identified by an order in council or a change in the regulation. Will the minister give us that information?

Mr. Fleming (Eglinton): The scale became effective on April 1, 1959, the beginning of the present fiscal year.

Mr. Peters: May I ask whether this scale will be made available?

Mr. Fleming (Eglinton): Yes. If the hon. gentleman wishes the detail of it, I shall be glad to see that it is sent to him.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

North Atlantic Treaty Organization—

644. Further contribution by the Canadian government towards the cost of constructing the North Atlantic Treaty Organization permanent headquarters—To increase by 248,029 new French francs the amount of the contribution provided for in vote 92, main estimates, 1959-60; the equivalent in Canadian dollars estimated as of March, 1960, is, $48,018.

Mr. Pearson: I wonder whether the minister can tell us the total cost of this building, the total cost of Canada's participation in it and the percentage of the cost which has been allocated to Canada.

Mr. Fleming (Eglinton): Yes. The total cost of the new NATO headquarters building in Paris is 4,739,745,800 French francs or 47,397,458 of the new or so-called heavy French francs. The equivalent in Canadian dollars is approximately 10¾ million. Canada has contributed to date $605,002. With the item now appearing in the supplementary estimates, the total contribution toward the construction of the building will be $653,145. Canada's proportion is 6.08 per cent of the total.

Mr. Pearson: It appears that this building is now completed. I understand it is completed and occupied.

Mr. Fleming (Eglinton): Almost. The delegations moved into it just before the annual

meeting of the ministerial council in December. The meetings of the ministerial council were held in the building December last. However, the building was not altogether complete at that time.

Mr. Pearson: It appears that the cost will be in the neighbourhood of 10¾ million Canadian dollars. Has the minister the figures there for the original estimate of the cost of this building.

Mr. Fleming (Eglinton): It was estimated, I am told that, that 900 million French francs would be the total construction budget for the year 1959. An amount of 1,097 million French francs was approved as the 1959 budget and a further amount of 192,745,800 French francs has been approved as the 1960 budget. I am told that provision will carry the building to completion.

Mr. Pearson: The question I asked was whether the minister has before him the original estimate of the cost made four or five years ago. I think it was a figure very much smaller than the ultimate cost which is now $10¾ million.

Mr. Fleming (Eglinton): I have not that information.

Item agreed to.

International Civil Aviation Organization—

645. Payment to the International Civil Aviation Organization in part reimbursement of compensation paid its Canadian employees for Quebec income tax for the 1958 taxation year—further amount required, $1,427.

Mr. Chevrier: I think perhaps the minister should give us some explanation of this item. I know there was at one time a considerable amount of difficulty in connection with the province of Quebec in so far as the arrangements for the building in Montreal were concerned. I know that some time later the difficulties were ironed out. I think the committee should be given an idea first as to how much the building costs the government in so far as occupancy is concerned and, second, as to what arrangements have now been made with the government of the province of Quebec in connection with certain diplomatic exchanges or emoluments, if I may so call them, to which members of ICAO felt they were entitled. I wonder what amount of information the minister can give us on that matter?

Mr. Fleming (Eglinton): This item pertains only to a particular provision in respect of ICAO. This is the item under which provision is made to cover payment of Quebec income tax reimbursements in respect of the members of the staff of ICAO in Montreal.

Mr. Benidickson: That is Canadian staff?

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): Yes, those who are subject to the Quebec tax. That is the entire purpose and scope of this item.

Mr. Chevrier: Mr. Chairman, I think we should be entitled to a little more information. Perhaps I should know this but I do not at the moment. I think under this item we should be entitled to know what is the position of the government so far as ICAO is concerned. I think too we should be entitled to answers to the questions I put a moment ago. I would not think they would be hard to answer, nor would I think the information would be difficult to obtain because it is of a more or less public nature as it has been discussed in the meetings of one of the subcommittees of ICAO.

Mr. Fleming (Eglinton): The hon. gentleman will appreciate that this is simply a small amount added to an amount previously voted by parliament. This is simply a further amount required.

As to broader questions involving the relationship between ICAO and the Canadian government, may I suggest to the hon. member that I think the proper place for that would be in discussion of the main estimates of the Department of Transport when in committee of supply on the estimates for 1960-61. This item the committee is now asked to approve is a small additional amount required to complete the reimbursement that the house approved when it passed the original item of $9,000. It relates purely and simply to this one matter of reimbursement in respect of the Quebec income tax.

Mr. Chevrier: I am not going to insist on the matter because I feel the item is one which the house would want to approve in any event. But I wonder whether the minister would bring it to the attention of his colleague because I feel the house should get an explanation of the entire position so far as ICAO is concerned.

Mr. Fleming (Eglinton): I would be pleased to bring that to the attention of my colleague, the Minister of Transport.

Mr. Pearson: May I ask the minister whether these Canadian employees pay federal income tax, and is there reimbursement in respect of that?

Mr. Fleming (Eglinton): They are not reimbursed for federal income tax. The reimbursement extends only to additional tax for which they are liable by reason of the headquarters of ICAO being located at Montreal where they are subject to a provincial income tax as well as the federal income tax.

Mr. Pearson: Then the salaries of the Canadian employees of the organization are subject to federal income tax, I take it, from what the minister has said?

Mr. Fleming (Eglinton): The Canadian employees of ICAO are exempt from federal income tax, but like all other members of the international secretariat are required to pay a similar amount to ICAO in the form of a staff assessment.

Item agreed to.

Special—

646. Commonwealth scholarship plan, $11,000.

Mr. Chevrier: The matter of commonwealth scholarships was discussed, I believe, during the debate on external affairs and I asked the Secretary of State for External Affairs at that time what number of Canadian students would benefit under the commonwealth plan. I wonder if the minister could give us that information?

Mr. Fleming (Eglinton): Is the hon. gentleman referring to the fiscal year 1959-60 or to the fiscal year 1960-61?

Mr. Chevrier: This vote is for 1959-60.

Mr. Fleming (Eglinton): Yes, but I thought the question put by the hon. gentleman, if I correctly recall it, concerned rather the fiscal year 1960-61.

Mr. Chevrier: I do not know that I had that in mind when I put the question because it was a general question. I simply asked the minister how many Canadian students would benefit under the plan and the minister said he would let me know in the course of the debate. I am sure there were other questions, but I did not get an answer.

Mr. Fleming (Eglinton): Then I would be glad to remind him and get the answer for the hon. gentleman. This item is a new item of $11,000. There is provision for this in the 1960-61 estimates. It has not appeared previously in the 1959-60 estimates, but it was found necessary to make some provision during the present fiscal year to finance Canada's participation in the scheme before March 31. Approximately $2,600 is required to cover travelling and living expenses for members of the Canadian scholarship committee to meetings which will have been held before the end of the fiscal year, and an amount of $8,400 has been recommended to be paid to the Canadian Universities Foundation for services which they have rendered.

Mr. Chevrier: Can the minister say how many students will benefit under this plan, and what the total cost of it will be?

Mr. Fleming (Eglinton): There have been no students designated as yet. The plan, of course, came out of the commonwealth trade and economic conference which was held in Montreal, and it is contemplated that when the plan is launched—hon. members will recall it is this September that the plan will be officially launched—there will be approximately 1,000 students from all parts of the commonwealth for whom scholarships will be provided.

In the distribution of cost the United Kingdom indicated at that conference that it was prepared to accept one half of the cost. We undertook on behalf of Canada to bear one quarter, and other countries of the commonwealth came forward and indicated the shares they were prepared to assume.

The next stage was the conference held at Oxford last July at which all the countries of the commonwealth were represented. It was an educational conference and the details of the plan were worked out there by a quite impressive array of educationists from all parts of the commonwealth.

Mr. Chevrier: May I go a step further and inquire whether the number of students in Canada will be in proportion to the participation by Canada in the total cost, that is, a quarter thereof?

Mr. Fleming (Eglinton): I think not necessarily, Mr. Chairman, but I speak subject to correction and I will bring that question of the hon. gentleman to the attention of my colleague, the Secretary of State for External Affairs.

Mr. Chevrier: Is it possible to find out now what is likely to be the cost of this plan which will be inaugurated, as the minister said, in September?

Mr. Fleming (Eglinton): The item provided in our main estimates for 1960-61 is $500,000 as Canada's share. Of course, it will take time to have this plan fully set up. In other words, there will not be a thousand students selected all in the first year. It is expected that the period of a student's study abroad for which the scholarship will be provided will vary from two to three years on an average. Consequently, when the scheme is fully in effect Canada's contribution is likely to be at least $1 million a year.

Mr. Argue: Mr. Chairman, I believe this is a very welcome and a very forward step which is being taken by the commonwealth nations in providing for an exchange of university students on the basis of a thousand scholarships. I think that providing educational training, particularly to people who come from the less developed countries, will enable them to be of immense service to

their own countries when they return, and to make a part, admittedly only a small part, of Canada's educational facilities available to those students is a very excellent gesture. This is not a grand scheme involving fabulous sums of money. It is more of a symbol of what can be done among nations of the commonwealth to promote good relations and to promote the training of citizens of various countries in order to help in the future development of their own lands. The point I should like to make at this time is that I do hope this scheme may be broadened or that a scheme similar to this may be added thereto. We are a bi-cultural nation. We have universities in Canada engaged in education and training where French is the language used. I ask the minister to what extent the facilities of our French universities can be used in addition, of course, to the facilities of our English universities.

I make the suggestion to the minister that Canada should explore the possibility of entering into an exchange scholarship scheme with the French community, having in mind particularly the fact in Africa a number of nations within the French community are now emerging to national and independent status. This would be not only a means of providing educational facilities for young citizens of those countries but it would also tend, I believe, to improve our relations with the French community and provide facilities for the training of the citizens of those countries to help in their own future development.

I think it would be somewhat difficult, considering all the circumstances, to provide a very substantial portion of training in our French universities for students already coming to Canada under the commonwealth scheme. Therefore this might be an innovation of a type which would enable our French-speaking universities to play a full and important part in the training of citizens from other countries in our own land.

As I am sure the minister will recognize, this suggestion is not being put forward in any partisan way but is merely an obvious extension of the kind of plan which I believe will commend itself to the Canadian people as a whole and which could play a useful part in the development of the lives of citizens in other countries of the world and also in the national development of the countries from which those people come.

(Translation):

Mr. Boulanger: Mr. Chairman, I was just going to ask almost the same question as the one just put by the hon. member for Assiniboia (Mr. Argue).

I might now ask the Minister of Finance (Mr. Fleming) to give us more specific details. When Canadian students want to study in another commonwealth country, will they be allowed to do so in their own language, if they are French-speaking Canadians, or will they have to enrol at an English university?

(Text):

Mr. Fleming (Eglinton): The basic duality of the Canadian culture, of course, is kept in mind at all times. When the Canadian educationists were selected to represent Canada at the Oxford conference last summer, the Canadian group included some very distinguished educationists from the French-speaking universities. I think hon. members will bear in mind that in the provision of openings for students the question rests basically with each university to decide what accommodation it is in a position to offer. In addition, of course, in ascertaining what scholarships can be made available to students from other lands arrangements must be worked out in association with the Canadian universities themselves. This is one reason why the Canadian scholarship committee has been set up.

Mr. Pearson: We have already expressed our support for this scheme. We did so when it was first announced. It is a valuable and imaginative initiative. We all wish it success, and we approve of the estimates for this purpose.

As the minister has pointed out, the value will largely be of a reciprocal character. We think of the scheme largely in terms of students from other parts of the commonwealth coming to Canada, but there is also, of course, the value which the scheme will have for Canadian students who go abroad. As the minister has stated, its special value will be the opportunity it will afford to students from what we sometimes call the materially underdeveloped parts of the commonwealth, though they may not be underdeveloped in other ways at all.

I should hope, though I know the committee will have to work these things out, that special encouragement will be given to these students to go to parts of the commonwealth other than the United Kingdom, because there are so many existing schemes and scholarships by means of which they can go to the United Kingdom at the present time. By the same token, I hope it will be possible to encourage Canadian students to go to parts of the commonwealth other than the United Kingdom to continue their work, because we have so many arrangements enabling our students to go to the United Kingdom at the present time, arrangements from which many of us have benefited.

It may well be that a Canadian student in, let us say, an Asian country of the commonwealth will not learn as much about high level bridges as he might in some other commonwealth country, but he will perhaps learn a good deal about building bridges of understanding, and I am sure that is one of the purposes which the government had in mind when they encouraged this development.

Mr. Fleming (Eglinton): I thank the Leader of the Opposition for what he has said about this vote. A great deal of thought was given to this enterprise before it was launched at the commonwealth trade and economic conference at Montreal.

I do not think it would be amiss, in referring gratefully to his memory, to recall that the Canadian position at this conference with regard to the enterprise we are now considering was put forward by the late Hon. Sidney E. Smith. It was a project which was very dear to his heart. I do not need to remind the committee that he had taken a very active part in higher education in Canada and in developing the concept of the value of exchanges in the educational field between the different countries of the commonwealth.

The United Kingdom took a leading part in sponsoring this proposal. Lord Home, the secretary of state for commonwealth relations, spoke for the United Kingdom on this subject and it was, I think, as those of us who were privileged to be present will recall, one of the high points of the conference. Some of the expressions which came from the representatives of the colonial territories in relation to this plan would have warmed the hearts of all hon. members had they been present to hear them spoken. High hopes are held concerning this commonwealth scholarship scheme, and it may be that over the years students will enjoy benefits as a result of this plan which will enable them to devote to the service of their countries in the commonwealth talents and training which will be of very great value to the people of all parts of this family of nations.

Mr. Argue: I wonder if the minister could say whether any thought is being given to an extension of this plan or to a new plan of a similar nature for an exchange of students with the French community as an appropriate way to recognize the bilingual nature of our country as well as the desirability of such a plan and the further advantage of improving our relations with that community.

Mr. Fleming (Eglinton): This is, of course, a commonwealth plan. No suggestion has ever been made that there should be an extension of this plan to include countries outside the commonwealth. As far as a separate plan is concerned as between Canada on the one hand and the French nations on the other, I have not heard of any suggestion of that nature as yet.

Mr. Argue: Although the minister has not heard of it, I have made this suggestion on a number of occasions. The minister will be pleased to know it was given an excellent response in the French language newspapers of this country and a number of impressive articles have subsequently appeared supporting the idea. I commend it to the minister and to the government for consideration.

Mr. Fleming (Eglinton): Thank you.

Mr. Pickersgill: Mr. Chairman, I think the committee would like to be reminded that this is not exactly a new idea. There were a great many blocked funds after the war and under the aegis of my hon. friend, the Leader of the Opposition, they were used for precisely this purpose not only in France but in many other countries of Europe.

(Translation):

Mr. Dorion: Mr. Chairman, I would like to make a few remarks on this item.

I believe that student exchanges within the commonwealth are an excellent thing and that, because of them, we may reach better understanding and closer relationship between commonwealth countries.

Equally excellent, at least in part, are the suggestions of the hon. member for Assiniboia (Mr. Argue). There is such a thing as "l'Union culturelle francaise," which is not a government agency but which has a similar purpose among French communities or French groups scattered throughout the world.

Besides, I believe the Prime Minister (Mr. Diefenbaker) has already received with great cordiality a delegation from that organization.

I do not know in what form something similar might be provided for the people of French language and culture, who represent no less than a third of Canada's population. However, knowing the extremely friendly feelings of the Minister of Finance (Mr. Fleming) towards our ethnic group, I should be extremely happy if he could find a way to give equal opportunities to Canada's French-Canadian group. Perhaps, for instance, something similar might be attempted within

NATO, where there are a number of French-speaking countries, or perhaps we might consider student exchanges between Latin America and French Canada.

Besides, it should not be restricted to French Canadians, but should be open to all Canadians, whether English- or French-speaking, wishing to get closer to French cultural centres. I am sure the Minister of Finance will give the matter careful consideration, in view of the true friendliness he has always shown to Canada's French language cultural group.

(Text):

Item agreed to.

647. Gift of uranium to the international atomic energy agency, $61,842.

Mr. Pearson: Mr. Chairman, this vote represents a gift of uranium to the international atomic energy agency. Would the minister give some indication as to what other gifts of uranium were made to this international agency by other governments?

Mr. Fleming (Eglinton): Mr. Chairman, Canada made the one gift in this case. A request was made by Japan for three tons of natural uranium metal. That request was made to the international atomic energy agency. Canada offered to provide the entire amount and that offer was accepted.

Mr. Pearson: I am not objecting to this vote, Mr. Chairman, and indeed, I support it. I think it was a good thing to have done, but the fact that we are the only government that has taken this action is interesting because the United States which is also a large producer of uranium has been making gifts of enriched uranium to other countries in connection with the building of reactors in these countries. Indeed, I believe United States policy has been to assist these countries in the construction of reactors of a type which can use only the kind of enriched uranium that is made in the United States and not in Canada. It is an interesting contrast, if you like, that we are making our gifts of uranium to the international agency without any commercial considerations attached to them—nor should there be, of course—while the United States seems to be making gifts of enriched uranium which we do not produce to individual countries in connection with reactors being built in those countries, sometimes at the expense of the United States.

Item agreed to.

[Mr. Dorion.]

648. Expenses in connection with Canada's participation in the world refugee year and, notwithstanding section 35 of the Financial Administration Act, to authorize payments to be made pursuant to this vote up to the 1st day of April, 1961; there shall be charged to this vote and included in the unexpended balance of vote 55 of the main estimates, 1959-60, an amount equal to the amount spent and charged to that vote in connection with the world refugee year, $600,000.

Mr. Pickersgill: Mr. Chairman, I should like to recall to the committee that when we were discussing world refugee year in the last session of parliament I reminded hon. members that the government of Canada just before the Hungarian uprising had had a survey made by a senior officer of the immigration branch and a senior officer of the citizenship branch of the refugee camps in Europe with a view to seeing whether we could not on our own do something more than was then being done about reducing the population of these camps, and that by a curious coincidence I was on the verge of making certain recommendations to my colleagues when we were overwhelmed by the Hungarian problem and the matter was left in abeyance for the time being. I confess that I regret to have to say I never had another opportunity to make those recommendations.

Meanwhile, of course, the suggestion came for a general approach to this problem under the aegis of the United Nations commissioner for refugees in the form of world refugee year. We are all very pleased to hear the announcement the other day that the movement of the 100 families had been so successful and had cost so much less than was anticipated that the government proposed to make some extension of that program. When I have concluded perhaps the minister would tell us what numbers he envisages would be included in this extension. I am not going to urge at this time that there should be any very large increase in the strictly governmental participation in this scheme because I believe that the concrete and constructive suggestions I intend to make would in fact be preferable.

As soon as it was published I carefully examined the little booklet prepared by the Department of Citizenship and Immigration setting out the conditions for the admission of unsponsored and sponsored refugees to Canada. In most respects it seems to me these conditions are highly satisfactory. There is one of these conditions that has so far seemed to be an obstacle to one single refugee being brought to this country under private sponsorship. I should like to read that requirement to the committee. The requirement is that the sponsor must—and then

there are set out four requirements which I will not bother to read:

(v) provide assurance, where the refugee suffers from illness which will require treatment in Canada, that he will receive the medical care he needs. When the illness is such that institutional care is necessary, the approval of the provincial health authorities must be obtained before the refugee can be permitted to come to Canada.

The brochure then lists certain conditions that must be fulfilled by the refugee. He must be of good character and so forth.

It goes on to say:

The Canadian government does not set a limit to the period or to the extent of the responsibility assumed by the sponsors. Relief of indigent residents of Canada is normally the responsibility of the municipalities and the provinces. A sponsored immigrant who finds himself in need of assistance is a burden on the municipality or the province if his sponsor fails to live up to the guarantees he gave when applying for the immigrant's admission. This will explain that the Canadian government should insist that sponsors of immigrants, including refugees, accept full responsibility for the persons brought to Canada under their sponsorship until they become eligible for normal municipal or provincial social and welfare benefits. Sponsors who may wish to ascertain the extent of their responsibility and the nature of the welfare assistance available from municipal or provincial authorities, which vary from province to province, are requested to get in touch with these authorities for further information. Sponsors may also wish to take advantage of hospital insurance plans in respect of the refugees whom they have sponsored.

As the representations which were made to the Prime Minister the other day by the welfare council, and which the Prime Minister put on *Hansard* on March 3, clearly show, the welfare council and others interested have found that this requirement is one that is in fact in practice a bar to any effective action. It has proved to be up till now and in my opinion it will continue to be a complete bar. I know it is not intended to be. I am not for a minute suggesting that the Minister of Citizenship and Immigration or the government as a whole put this requirement in deliberately to make the sponsorship unworkable, but that has been the effect of it.

Not only has it been the effect, but it is precisely what I told the Secretary of State for External Affairs in the last session of parliament would be the effect. I had some experience in administering the Hungarian refugee movement and I know that it is almost impossible for the federal government to negotiate with provincial and municipal authorities about this particular matter with any finality or with any satisfaction, and it is quite impossible for private sponsors to do it. I am sure that is why the welfare council made the recommendation it did. It was that the federal government, in consultation with the provinces, arrange as expeditiously as possible for the acceptance of public responsibility for established public health and welfare services for privately sponsored refugee families admitted under the government's program for private sponsorship during the world refugee year.

When the Prime Minister announced on the seventeenth of March the decisions that the government had already reached with respect to these representations he said that they had agreed with some of them, and I am sure that there was a good deal of satisfaction taken over that. The first of their recommendations and, far and away, sir, the most important of them, the Prime Minister said he was not able to deal with at that time because a decision had not been reached about it. Now, here is my suggestion. I do not agree entirely with the recommendation of the welfare council and I am going beyond what they suggested. If we really mean business at all about this world refugee year and about private sponsorship—personally I should like to see more private sponsorship and that is what I am urging, more private sponsorship and more ease for private sponsorship instead of any large addition to the direct government movement—I am quite convinced that this problem can be very easily solved if the government will do, with respect to these privately sponsored refugees, precisely what was done in the case of the Hungarian refugees.

The federal government should undertake the residual responsibility of health care after a certain period for those refugees who are admitted and who are going to be selected by the United Nations commissioner for refugees. I think it is quite reasonable to expect that the sponsors should look after them for a year. It seems to me, sir, that should be done instead of trying to leave the sponsors with an open-ended commitment which many of those voluntary organizations cannot in conscience undertake because they cannot be sure that two years hence they may have the same officers or the same personnel or, in fact, that they will be in a position to carry it out. Most of them are composed of people who take their responsibilities and regard their word seriously, and would not want to subscribe their names to something that was not going to be carried out.

It seems to me, sir, that this is not suggesting any very great burden on the treasury. I am going to give two reasons for this view. The first is the one that was given the other day by the Prime Minister or by the Secretary of State for External Affairs; I forget which one of them it was that told us how much less costly and how much more encouraging this movement of the 100 families was than it was expected to be,

how much more quickly those people were recovering and how much easier the integration was proving to be. But I think even more striking, sir, were the answers which the Minister of Citizenship and Immigration gave the other day to the questions I put on the order paper about the Hungarian refugee movement.

As the committee knows, we admitted to this country 37,727 Hungarian refugees, most of them without any medical examination whatsoever before they arrived in Canada. It is true they were given a medical examination for the purpose of determining after they got here whether they could be landed as immigrants or whether they would be admitted temporarily under other status. Now, it happens that 1,380 of those 37,000 were allowed entry as non-immigrants and, in most cases, they were allowed entry as non-immigrants for health reasons because they could not satisfy the medical requirements. Three years later there are only 17 of those people receiving help from the federal government out of a total of 37,700. Out of 1,380 who could not satisfy health requirements—I do not say they were all people who could not satisfy the health requirements but most of them would have been—there are 17 today, three years later, receiving help from the federal government.

If I may be permitted, sir, to refer to this, the other day I had the privilege of attending the tea given by the Hungarian-Canadian committee in Knox church, and I wish that every hon. member could have been there because that function was organized almost entirely not by the older Hungarian community, though they helped, but by people who came here three years ago without a thing except the clothes they were wearing and who today are as well dressed as anybody you would see in Ottawa. Most of them spoke very good English, and it was a function that anyone in any part of Canada would have been proud to have had a part in organizing. Now, sir, that was something that was possible because the Hungarian refugees did not moulder away for years in camps. There was enough action taken, enough co-operation and enough world interest to get them dealt with quickly. We can hardly expect quite as good results in the case of the residual population of those camps who have been there for so long; but surely that is all the more reason why we should do everything practicable that we can to make a really worth-while contribution to this refugee problem.

I do believe that there is plenty of voluntary enthusiasm for this refugee movement of a practical nature and that if we could get rid of this one obstacle with regard to continuing health care—I do not say that the government should do it all; I think it would be quite reasonable to say that the sponsors should take that responsibility for the first year but I feel that the government can do what we did for the Hungarians—then after one year if the refugees cannot satisfy the normal municipal or provincial health and welfare requirements for such care as is publicly given by these provinces or municipalities, the federal government should in fact accept that residual responsibility. If that were done I venture to say that on that basis it would cost a very small sum indeed. It would remove the most irritating obstacle, and it is really not reasonable to expect the municipal and provincial governments to give commitments about this matter. I am sure that the Minister of Labour, who was once the mayor of one of the leading cities in Ontario, would agree, because I know he held those views some years ago when I was minister of immigration and he was a private member of this house. These people may live in a municipality and then go somewhere else, or they may not ever have been taxpayers of the municipality at all. There is migration from one province to another.

As a matter of fact, what we are trying to do here is to make a national contribution to this problem. All of us with experience know this will continue to be a practical obstacle to the movement of people, and it could be removed for a very small contribution. It does seem to me, sir, that it should and could be done and that the vast majority of the Canadian people would be very pleased indeed to see their government do it. I am sorry the Secretary of State for External Affairs and the Minister of Citizenship and Immigration are not here to listen to what I have to say. I am sure that with the experience they have had already they would find it very difficult to disagree with the opinion I have expressed.

I know from my experience that in the final analysis the barrier that has to be overcome is the barrier provided by the treasury board and its chairman. The chairman of the treasury board is in front of me, and I appeal to his large heart, as well as to his head, because I venture to say, sir, that most of these people who may require medical care now will be making a contribution five years from now to the production of this country out of all proportion to anything it will cost the taxpayers to carry out the suggestion I have made.

Mr. Pearson: I wonder whether the minister could give me some information as to the extent of this problem when world refugee

year is over. I have heard it said, and I do not know whether or not the statement is accurate, that by the end of June—I think that is the closing date of world refugee year—all the camps in Europe will be cleared.

Mr. Fleming (Eglinton): Yes, Mr. Chairman, that is the hope and expectation. The year began on June 28, 1959 and closes July 1, 1960. It is the hope and expectation that the camps would be cleared by the end of that period.

Mr. Pearson: If that can be done, and it looks as if it will be done, then that is the end at long last of a chapter of post-war experience. It is not a very happy commentary on our society that it has taken from 1945 to 1960 to clear the European camps of refugees. Some countries have perhaps done more than others, but I think our record over the years in Canada has been good in this respect. However, no one can deny we could have done more. Some of the European countries, without our resources or our wealth, have made proportionately a much larger contribution than we have in Canada.

However, the problem will not be ended when world refugee year ends because, as the minister knows, there will be refugees in camps outside of Europe. There is the problem of Asian refugees and the refugees in the Middle East. I express the hope that this activity will not end with the ending of world refugee year. Perhaps it would be a good idea to continue world refugee year to focus the attention of the world on this problem. Perhaps the government will have an opportunity of continuing this work in continuing world refugee year. If they do, I think they will get very general support in the house and in the country.

Mr. Pickersgill: Has the minister the figures for the addition to one hundred?

Mr. Fleming (Eglinton): There is no figure available yet. It is not possible yet to be at all precise about it. The 100 families numbered altogether 344 persons. It was found that the cost was approximately $225,000. Now, if this works out in proportion it might be expected, that on that basis another 500 refugees could be accommodated within the scope of this present appropriation. But I do not want to lead the committee to think that I am making any estimate now as to the number that could come within the scope of the appropriation.

Mr. Pickersgill: Could the Minister of Finance indicate whether or not he is bringing the suggestions I have made to the attention of his colleagues?

Mr. Fleming (Eglinton): Yes. I hope I was not delinquent in that respect. I listened quite intently to the remarks that were so earnestly delivered by the hon. member, and I will certainly bring them to the attention of my colleagues, the Secretary of State for External Affairs and the Minister of Citizenship and Immigration.

Item agreed to.

649. Canadian government's assessment towards financing the United Nations emergency force in respect of the calendar year 1960 in the amount of $307,182 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1960, which is, $291,919.

Mr. Pearson: This is a vote of $291,000 for Canada's assessment toward financing the United Nations emergency force in respect of the calendar year 1960. The minister knows, of course, that when this force was established it was understood by those who supported the establishment, whether or not they contributed to it in terms of men and material, that the expenses of the force would be shared amongst the governments concerned at the United Nations. Therefore, I should like to know the amount of the total expenses of this force and the contributions made by Canada to it, and what proportion of the total expenses those contributions represent. If he has the figures, I should like to know what has been contributed by the other governments.

Mr. Fleming (Eglinton): Mr. Chairman, the approved budget of the United Nations expeditionary force during 1960 is, in round figures, 20 million United States dollars. In so far as assessment is concerned, there is a provision for a voluntary contribution on the part of the United States and the United Kingdom of one half of the total. Canada is assessed for 3.11 per cent of 50 per cent of the $20 million, less equalization credits or 307,182 United States dollars. The equivalent in Canadian dollars is the amount of this item.

Mr. Pearson: I take it from what the minister has said it has not been possible to work out at the United Nations assembly a graded scale of contributions covering all those members who are willing to be covered. I know there are some members in the United Nations, including the communist states, who have not contributed and who have indicated they will not contribute one dollar to this international activity. Has there been an agreement on the allocation of expenses amongst the other members or have they just worked it out by rule of thumb, as the minister has indicated?

Mr. Fleming (Eglinton): I am afraid it has been the latter situation. As a matter of fact, there are many members of the United Nations that are delinquent so far as contributions to the support of the expeditionary force are concerned. I have a list before me. There are some 30 of them that are delinquent for a three-year period, half a dozen for two years, and another half a dozen for one year.

Mr. Pearson: That, of course, is a very unhappy record from which no one can get any satisfaction. I know there are some members of the United Nations, as I have just stated, who have objected to this assessment and have said from the beginning that they would not pay anything toward the expenses of this international force. I know the Arab states have taken that position, namely, that it was not the kind of activity that would involve them in any expense of any kind. I know there are also some other members of the United Nations who have supported and approved this emergency force but who have not done anything to meet its expenses at all. The minister has indicated the expenses of Canada as being placed at 3.11 per cent. It seems to me that is not an unreasonable percentage.

Mr. Fleming (Eglinton): That is 3.11 per cent of the 50 per cent.

Mr. Pearson: I take it that allocation would not cover the expenses incurred for the maintenance, supply and transport of our own contingents in that force?

Mr. Fleming (Eglinton): Yes.

Mr. Pearson: In addition to meeting all the expenses of the Canadian participation, and Canadian participation has been very respectable, to say the least, in that matter we have made a contribution to the force as a whole as well?

Mr. Fleming (Eglinton): Yes, indeed. Canada has made a very notable and formidable contribution to this enterprise, not only through her contribution of men to the force but in her contribution toward its cost.

Mr. Pearson: So we pay all our own expenses and help to pay the expenses of some other participating governments which are not able to meet their own expenses?

Mr. Fleming (Eglinton): Yes.

Mr. Pearson: I am not complaining about that fact but it is deplorable that a great international effort of this kind, which has certainly made a contribution to the stabilization of conditions in that part of the world, should not be maintained on a more equitable international basis.

Item agreed to.

650. To reimburse the agricultural commodities stabilization account for dry skimmed milk donated to international relief agencies, organizations and governments—further amount required, $1,064,220.

Mr. Peters: I should like to ask the minister for some clarification of this particular item. Last year the Minister of Agriculture told us that we had a surplus of about 25 million pounds of skimmed milk that we could not give away. As you will recall, Mr. Chairman, at the time the price of skimmed milk was not exceedingly high in Canada. Yet we have found that in one year we have been able to give away $1 million worth of skimmed milk powder.

I think this is a matter of great importance to the farmers of Canada, particularly as it relates to the argument that is used that any purchase under stabilization or stabilized prices of agricultural products will create or is apt to create a surplus if it is done in a sizeable amount. This is a case where the federal government have been able to take the surplus and to use it for worth-while purposes and have been able at the same time to do something else.

If you will note, Mr. Chairman, in local stores in the city of Ottawa the price of skimmed milk powder has gone up approximately 40 per cent. A year ago 10 pounds of skimmed milk powder in Ottawa cost $2.50. Today 10 pounds of the same skimmed milk powder cost $3.40 or $3.50. Hence the effect of this give-away program has been, in my opinion, advantageous on several counts. In the first place it has been able to increase the price of the product in the local market and so to stabilize the production of this commodity for local consumption and at the same time it has been used for very worth-while purposes in the relief agencies to which it has been donated. I would ask the Minister of Finance whether he can tell us what international relief agencies benefited from this gift and by how much in each case.

Mr. Fleming (Eglinton): The organizations which benefited are eight in number. Perhaps I could give the amounts in round figures. These figures are in pounds. I can give the exact figures if they are required.

Mr. Peters: Oh, no.

Mr. Fleming (Eglinton): Suppose we use the round figures. They are as follows: UNICEF, 46 million pounds; Unitarian Service Committee of Canada, 600,000 pounds; Canadian Lutheran world relief, 2.3 million

pounds; Canadian council of churches, 327,000 pounds; Care of Canada, 14.1 million pounds; Canadian Red Cross Society, 60,000 pounds, Canadian save the children fund, 147,000 pounds; Gold Cross, 30,000 pounds. These figures make a total of 64,512,182 pounds.

(Translation):

Mr. Boulanger: Mr. Chairman, next year if we had to provide for the relief of needy people, would we be able to do so?

In other words, is there any milk powder left in storage which we could supply to relief agencies?

(Text):

Mr. Fleming (Eglinton): The surplus that existed some time ago has been practically disposed of. I have given the figures, Mr. Chairman, of the gifts to these eight organizations aggregating 64½ million pounds. Broadly speaking, there is no surplus on hand now.

Mr. Benidickson: May I also ask the minister this question? Am I right in thinking that no support is being given to skimmed milk at the present time?

Mr. Fleming (Eglinton): That is correct.

Mr. Benidickson: What I mean is that the crown is not obliged to pay anything for the support of skimmed milk under this legislation.

Mr. Fleming (Eglinton): That is correct.

Mr. Peters: Can the minister tell us whether any of this skimmed milk powder that has been distributed went to Japan? If so, is some of it the skimmed milk powder that has been involved in the recent reports of serious illness as a result of school distribution of this product or is there any further information as to what the actual cause of this occurrence was? If there is not, is the department considering making an investigation in that particular country on our behalf in order to clarify this problem? I think it is generally conceded by all Canadians that there is certainly nothing in skimmed milk powder to produce the results that are indicated and that contamination must have taken place from some other source. As we have established an international market for skimmed milk powder, I think we should protect it and maintain the reputation that I think we have built up and the good will that we have established by the gifts we have made amounting to, as the minister has just told us, some 64 million pounds.

Mr. Fleming (Eglinton): I think the minister made a statement in regard to this matter in the house several days ago. I think the hon. gentleman probably will find his answer in *Hansard* in the minister's statement.

Item agreed to.

651. To reimburse the agricultural commodities stabilization account for canned pork donated to Japan for the relief of typhoon victims, $60,000.

Mr. Chevrier: Can the minister tell the committee whether there is still a supply of canned pork on hand?

Mr. Benidickson: We are on vote 651.

Mr. Chevrier: Yes; that is the one. Can the minister tell the committee whether there is still in the warehouses a supply of canned pork? What amount was given to Japan? Does the government contemplate giving additional amounts?

Mr. Fleming (Eglinton): The answer is that there is still a quantity of canned pork on hand, very definitely. Second, the gift to Japan consisted of 100,000 pounds of canned pork purchased at a price of 60 cents per pound, the item here being $60,000.

Mr. Winch: May I ask the Minister of Finance whether he can give an explanation of a peculiar quirk in economics. We have had a great deal of canned pork purchased by the government in order to stabilize the pork producers of this country. We gave it away in these instances. I have no question about that matter at all. We try to sell it at give-away prices, and if the minister would take his wife's place and do some shopping he would find on the shelves a canned pork meat loaf which is imported from France. Can he explain the economics of that situation?

Mr. Fleming (Eglinton): Mr. Chairman, I would not think it would be a very general situation that the hon. member has described. How much canned pork comes into this country from France I do not know, but I would think that canned pork from an outside country at the present time would find it difficult to make much headway in Canada with the quantities of pork being produced here and the fact that, under our price support program, such a very large quantity of it is on hand.

Mr. Winch: The thing that brought the matter to my mind is that half an hour ago I got a letter from one of your constituents asking me to find out why.

Mr. Pickersgill: The minister said it would be hard to sell French canned pork in this country. Is the government selling any of its own canned pork?

Mr. Fleming (Eglinton): No, we are not selling the canned pork in the open market.

Mr. Pickersgill: Is the government selling it in some closed market then?

Mr. Benidickson: To whom is it giving the pork away?

Mr. Fleming (Eglinton): In this particular case to Japan. It was found that the number of countries of the world which are interested in acquiring canned pork is a much smaller number of countries than those interested, for instance, in acquiring things like skimmed milk. It is a matter of diet and some religious observances.

Item agreed to.

652. To reimburse the agricultural commodities stabilization account for canned pork donated to international relief agencies, $1,096,442.

Mr. Benidickson: On this item which is related very closely to the previous item perhaps the minister would give us a little more information as to the development of the disposal of canned pork. I think he will recognize that in reply to a question of mine not long ago the ministry indicated that the cost of storing canned pork in this country at the moment was at a figure of about $40,000 per week.

The minister presides over treasury board, and I am sure that as chairman he is very concerned about an item which seems to cost something in excess of $2 million a year. I am confident that memos have been given to him in recent times about this very important item of expenditure, and perhaps before we pass this item the minister might just indicate what the intentions of the government are in this respect.

Mr. Fleming (Eglinton): Mr. Chairman, in connection with this item the government did provide some 5,500,000 pounds of canned pork to six world relief organizations and we still have a formidable supply of canned pork on hand. I have indicated one of the reasons just now, but I can assure the committee that my colleague, the Minister of Agriculture, is doing all a man can do to meet this problem of our very large surplus.

Item agreed to.

DEPARTMENT OF FINANCE

Contingencies and miscellaneous—

653. Telephone service at Ottawa for all departments—further amount required, $87,000.

Mr. Chevrier: Mr. Chairman, I wonder whether the minister would give some explanation of this item. I remember that when we were on the other side of the house there was always a great deal of complaint—sometimes it was vociferous and sometimes it was bitter—about the tremendous amounts of telephone bills. This is a large amount by way of an addition. It is a supplementary item of $87,000, and while it is for telephone service at Ottawa for all departments I presume it covers a certain amount having to do with long distance calls. I wonder whether the minister would be good enough to break it down, and after having done that perhaps he might tell us what the total amount of the telephone bill is going to be for the fiscal period 1959-60.

Mr. Fleming (Eglinton): Mr. Chairman, it is one of the misfortunes of the Department of Finance that the telephone expenses of all departments are charged to the Department of Finance. This was a consolidation which was carried out some time ago before the change of government. I accept no responsibility for this kind of consolidation. It makes the Department of Finance appear sometimes to be assuming responsibilities which do not belong to it. This item is to supplement a vote in the main estimates of $1,326,200, and this additional sum is required to meet the increased cost of monthly accounts for switchboard equipment and local service by reason of a tariff adjustment effective December 1, 1958, to apply to the fiscal year 1959-60.

Mr. Chevrier: Where is the switchboard?

Mr. Fleming (Eglinton): Here in Ottawa The hon. gentleman asked for the figure for the forthcoming year. Item 118 in the main estimates for 1960-61 gives the figure as $1,458,800. We have been faced with the results of these tariff adjustments.

Mr. Chevrier: Is the $1,458,800—

Mr. Fleming (Eglinton): No—$1,413,200 is the total for 1959-60.

Mr. Chevrier: Is that for Ottawa alone?

Mr. Fleming (Eglinton): To which year is the hon. gentleman referring?

Mr. Chevrier: 1959-60. The minister gave me a figure of $1,326,200, I thought.

Mr. Fleming (Eglinton): The sum of $1,326,200 is the same vote in the main estimates for the present year, and that is to be increased by $87,000, making a total for this present fiscal year of $1,413,200.

Mr. Chevrier: Is that for Ottawa alone?

Mr. Fleming (Eglinton): Yes, Mr. Chairman.

Mr. Benidickson: The Minister of Finance indicated that prior to his assumption of responsibility in the Department of Finance

it had been felt by all departments that the Minister of Finance who is in charge of treasury board was perhaps the person who, over all, should review possibilities of economy in connection with an item of this kind. That is why it is under the minister's jurisdiction.

The minister has introduced estimates into this house for the forthcoming year which include an item such as is before us, and I find that under column 8 of his estimates for the coming year it is indicated that he proposes to spend $22 million as against $19 million in the last fiscal year. I suggest to the minister that this is a point that should be carefully considered by the Minister of Finance, because it was given to the Minister of Finance as an item for economy for a very good reason. Yet we see increases despite the fact that the Minister of Finance in past years used to complain against the former administration that they allowed this item to rise.

Mr. Pickersgill: Could the minister tell us, as a result of his listening in, how many unnecessary telephone calls and how much unnecessary cost through the sort of wasteful extravagance which he talked about in June of 1957, if he remembers that date, he has been able to eliminate?

Mr. Fleming (Eglinton): Mr. Chairman, I can say this, that I have stood pretty firm against requests for extending services in different departments.

Mr. Pickersgill: Are there as many telephone instruments in the government departments today as there were on June 21, 1957?

Mr. Fleming (Eglinton): I would not want to undertake to answer that question offhand because it would depend to some extent on how you measure the equipment. There has been a good deal of consolidation in equipment, switchboards, and that sort of thing. Changes of that nature have been occurring in the past couple of years. If the hon. gentleman wants something specific I would be glad to get that information for him, but I would hesitate to make a general answer.

Mr. Pickersgill: I do not think we want to hold up these supplementary estimates, but in view of the fact that for many years we had to listen to eloquent speeches on this subject from the hon. gentleman and some of his colleagues, I think that when the main estimates come along we should like a report from the Minister of Finance as to what he is doing about this telephone problem. It does seem a lot to be spending, $1½ million, for just the calls which take place in Ottawa, not counting those made in the rest of the country.

Mr. Fleming (Eglinton): I cannot control the rates, of course. The hon. member will agree with that, I think.

Mr. Benidickson: This item deals with telephone calls with respect to Ottawa.

Mr. Fleming (Eglinton): Telephone service.

Mr. Benidickson: I do not expect the Minister of Finance to have full details with respect even to the section of the department which is strictly his, the minister's office, and still less with respect to the whole of his department, but I do hope that between the present time and the presentation of the final estimates for the coming year he personally will investigate whether or not there is adequate control in his own office over the number of long distance calls that are being made in comparison to the number made under his predecessor.

Mr. Chevrier: The minister did not answer my question in relation to the number of local calls as compared with long distance calls. Could the hon. gentleman tell us how much of the account which he has mentioned went for long distance telephone calls?

Mr. Fleming (Eglinton): No, I do not have the breakdown showing that. This is a figure which covers the telephone service.

Item agreed to.

654. To authorize the treasury board to delete from the accounts certain debts due to, and claims of Her Majesty, each of which is in excess of $1,000, amounting in the aggregate to $960,734.50, $1.

Mr. Chevrier: With regard to this vote, there is a detailed statement on page 16 of the various claims which amount to $960,000, roughly speaking $1 million. This sum is made up of claims as high as 153 in number from the Department of National Revenue and 52, in another instance, from the Department of National Defence, the first amounting to $674,000 and the other to $170,000. Can the minister give some indication what these claims are for?

Mr. Fleming (Eglinton): Yes. This is really an annual practice. Under the amendment to the Financial Administration Act passed a year ago, provision was made that there might be write-offs of certain amounts without further reference to parliament. Careful investigation has, of course, taken place to determine whether there is any hope of the recovery of the amounts claimed. That investigation is carried on in the first place by the particular department concerned, and then the matter goes to the treasury board. The

details shown on page 16 indicate that the amounts in the various departments aggregate $960,734.50. The reasons for the applications differ. Sometimes it is a case of insolvency. Sometimes it is a case of a claim which, except against the crown, would be long since outlawed under the statute of limitations. Sometimes it is a case where it has been found that there is just no hope of recovery, involving, for example, some indigent person advanced in years who has no hope of ever being on his feet financially again to answer a claim. The claims vary in amount, but I would say they average between $1,000 and $2,000. There may be some in excess of that figure. In the Department of National Revenue I see two claims of $23,000 each. But in every case I can give the committee an assurance that there is no suggestion of writing off any claim which has any real value whatever. Incidentally, those two cases that I mentioned in the Department of National Revenue arose respectively in 1932 and 1937, and in this list which is before me some go back even to 1925.

Mr. Chevrier: I do not know that I understand fully what the claims are for, and how it has anything to do with this item of telephones.

Mr. Fleming (Eglinton): We are on the next item, Mr. Chairman.

Mr. Chairman: Shall item 654 carry?

Mr. Chevrier: No. What are these debts for?

Mr. Fleming (Eglinton): They arise in a multitude of ways. These are sums owing to the crown and they arise in different departments in just about every way that debts can arise in favour of the crown. This is a procedure that is carried out periodically.

Mr. Chevrier: I was not questioning the procedure. I wanted to get some information about these various items. The minister a moment ago said something about the statute of limitations. Does the statute of limitations apply as against the crown?

Mr. Fleming (Eglinton): It does not run against the crown.

Mr. Benidickson: I noticed that the minister, when answering the inquiry of the hon. member for Laurier, thumbed through three or four pages of notes, information which is always supplied, as we all understand, to the minister when items of this kind are being discussed. I do not think that the committee wants at this stage to go into an exhaustive discussion of every item that might be represented in the over-all total, although this item is very large. I think, perhaps, that in the circumstances the minister might be willing to review and then table the explanatory notes that I am sure have been provided by the treasury board with respect to these write-offs which involve possible claims of the crown with respect to sums of over $1,000 in each case. Otherwise, as I think the minister will agree, the discussion here could go on interminably. Certainly on this side we would want a little more information about, for example, the 153 claims of the Department of National Revenue which total $674,000. I would be willing, if other members of the committee are willing, to have the minister submit his explanatory notes to explain this item.

Mr. Fleming (Eglinton): With respect, I do not think that is a very happy suggestion. There are pages and pages of this material. I may say that with respect to one of the departments to which the hon. gentleman referred, the 153 claims that pertain to the Department of National Revenue, the list which I have, running to several pages, consists of bankruptcies. All these cases involve bankruptcies. In some cases one dividend was paid and that was the end of it. This is a matter of writing off the balance of a claim against a bankrupt estate. There is nothing unusual about this practice, and I am sure the hon. gentleman was familiar with it when he was parliamentary assistant to the minister of finance. I can assure members of the committee that these items are not written off if there is any hope of the recovery of any portion of them.

Mr. Benidickson: As so often happens, we find that when an offer is made to the Minister of Finance which might reduce the time taken in discussion in parliament the hon. gentleman seems to adopt the attitude that he just cannot be generous in replying. The recourse open to us is to begin immediately to ask, with respect to the Department of Citizenship and Immigration, for details about the two claims indicated there which amount to $2,860. I was quite prepared to forgo the privilege which I think is mine as a member of the committee to go into this thing exhaustively because I am quite satisfied that the minister presiding over treasury board, and with the officials from whom he has help in reviewing all of these cases, acted in accordance with the proper principles that would be expected to apply, but I think we are at least entitled to the detailed information to establish that that is so. If the minister does not choose to do that I am afraid we will have to pursue this case by case under the supplementary estimates.

Mr. Fleming (Eglinton): I suggest to the hon. gentleman not in any spirit of want of co-operation but as a practical matter that I do not think his suggestion is practical. The reason why it is not practical is that there are 17 or 18 pages, many of which are in small print. That has never been asked for before. If it were placed on *Hansard* there would be endless tables.

Mr. Benidickson: I would be quite agreeable to having the facts tabled if not printed in *Hansard*. The alternative, of course, as the chairman will recognize is to give—

Mr. Fleming (Eglinton): I will accept the suggestion of having a copy of these pages tabled. I may not be able to do it today.

Mr. Benidickson: I do not mean those particular pages but whatever the minister considers circumspect and proper with respect to the two claims for citizenship and immigration and the 153 in national revenue, and so on. I expect some co-operation and compliance.

Mr. Fleming (Eglinton): That is entirely acceptable. If the hon. member is asking for tabling I accept his suggestion at once. I was speaking about having all of these pages in small print copied into *Hansard*.

Mr. Pickersgill: We are all familiar with the fact that from time to time lists are published in newspapers of names of people with bank accounts about which they have forgotten. Is any effort made to give publicity to these debts owing to the crown before they are written off in the localities in which the people live? There may be some charity cases, as the minister has said, where this would not apply but there may be other delinquents who, if they knew their names were going to be published might pay.

Mr. Fleming (Eglinton): I trust that in the case of anyone indebted to the crown who is in a position to pay the department concerned is making strenuous efforts to collect, but these have not been publicized in that way.

Mr. Benidickson: I assume that the minister being in charge of items in the main and supplementary estimates would be the one to decide as to the appropriateness of putting in an item of this kind here or elsewhere in the estimates, something that might relate to a forsaking on behalf of the crown on a bail bond, let us say, in a narcotics prosecution case. Would this be the item under which he would ask parliament to deal with the matter if there had been a forsaking on the part of the crown receiving a bail bond?

Mr. Fleming (Eglinton): A debt to the crown can arise in many ways. If the hon. gentleman will tell me that he has a particular case in mind about which he wants me to make an inquiry I will be glad to do so.

Mr. Benidickson: I draw the attention of the minister to some questions that have already been raised this session but I assume that they conceivably refer to payments not necessarily made in the 1959-60 fiscal year.

Mr. Fleming (Eglinton): There are no such payments involved in this item.

Item agreed to.

Special—

656. Contribution to the New Brunswick fishermen's disaster fund, $50,000.

Mr. Robichaud: Mr. Chairman, when the announcement was made last June that the federal government was prepared to contribute to the New Brunswick fishermen's disaster fund the announcement was received by all hon. members with appreciation. I should like the minister to inform us why there has been such a delay in providing this money. I understand the payment has not been made because the money was not voted. Since the announcement was made we have had before the committee a number of supplementary estimates—

Mr. Fleming (Eglinton): Mr. Chairman, I can assure the hon. member that the money was paid. It was paid promptly last August. This is provided now to reimburse the governmental fund out of which the money was paid then.

Mr. Pickersgill: Mr. Chairman, I am going to crave the minister's indulgence for one moment to utter one sentence that is completely out of order, and it is this. We have had some very disastrous storms this winter which are going to make it virtually impossible for many fishermen on the Atlantic coast to carry on their fishing operations this year unless some assistance is given to them. Although not of a magnitude comparable to the disaster that occurred on the prairies last fall, it is a disaster that is every bit as great so far as the Atlantic coast fishing industry is concerned. I should like to ask the minister if he would commend this problem to the attention of the Minister of Fisheries to see if something could be done about it.

Item agreed to.

Fisheries—

Special—

657. Assistance in the construction of vessels of the dragger or long-liner type—further amount required, $124,512.

Business of the House

Mr. Robichaud: Has the minister received any representations to the effect that there should be an increase in the amount of $165 per gross ton which is covered by this type of assistance?

Mr. Fleming (Eglinton): Mr. Chairman, I am not personally aware of any. I will refer my hon. friend's inquiry to my colleague, the Minister of Fisheries. The figure mentioned is the standard subsidy. Of course, exceptions may be made to some of the restrictions attached to that subsidy by the minister but I am not aware of any representations myself. I will refer the matter to my colleague.

Mr. Robichaud: Mr. Chairman, I wish to take this opportunity to ask the Minister of Finance to give serious consideration to increasing this assistance. This assistance covers subsidies on dragger and long-liner vessels and was first introduced during the war. After the war it was decided it should be carried on and the assistance was amended at that time. Since 1947 a total of $2,464,000 has been paid under this type of assistance.

When the system was introduced on the basis of $165 per ton, the cost of a 55- or 60-foot dragger was in the vicinity of $25,000. By 1953 the cost had risen to $39,000 and in the last year or two the cost for similar vessels has risen to between $70,000 and $75,000. Therefore, the subsidies which in the early years covered as much as 23 to 25 per cent of the cost of those vessels have decreased in their coverage to less than 10 per cent. I would ask the minister therefore to give serious consideration to increasing the subsidy to, let us say, $265 or $275 per ton. If for some special reason it is advisable not to increase the total amount, I feel in view of the fact that in the last four or five years the amount paid under this subsidy has been— Mr. Chairman, I see that it is now five o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: If I may interrupt you at this stage, Mr. Speaker, I should like to bring to the attention of the Minister of Finance and the government that so far as we on this side of the house are concerned we are quite prepared to go on with the consideration of the supplementary estimates, provided that is the view of our friends who sit to the right of us. If it is, perhaps this would be an opportunity of getting on with the business of the house.

Mr. Herridge: This group, under the particularly pressing circumstances that exist at the present time, are willing to go on with the estimates for the remainder of the afternoon.

Mr. Fleming (Eglinton): I thank hon. members for their co-operation and appreciate this offer very much. I gladly accept it, Mr. Chairman.

Mr. Chevrier: I thought you were going to turn it down.

Mr. Fleming (Eglinton): Not that one.

Mr. Speaker: I think the motion was adopted that the resolutions be concurred in. I must have the concurrence of the house as to whether the committee shall have leave to sit again later this day or the next sitting of the house, as the case may be. By unanimous consent the house apparently is willing to waive the hour for private and public bills and to revert to the business which was interrupted at five o'clock. Is it agreed?

Some hon. Members: Agreed.

Mr. Speaker: I see the Minister of National Defence has a word to say.

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I do not want to delay the business of the house at this time, but at 5.45 p.m. I propose to ask for the unanimous consent of the house to revert to motions so that I can make an important statement regarding the revised air defence plan.

Mr. Speaker: Has the minister leave to revert to motions at 5.45?

Some hon. Members: Agreed.

Mr. Speaker: Then the committee will rise at that time and report progress.

SUPPLY

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

DEPARTMENT OF FISHERIES

Special—

657. Assistance in the construction of vessels of the dragger or long-liner type—further amount required, $124,512.

Mr. Robichaud: Mr. Chairman, when the committee rose and reported progress at five o'clock I was just saying that in the last five or six years the amount spent under this item showed very little variation. I believe that this is the first year that the Minister of Finance has had to come before the committee with supplementary estimates to cover this item. I suggest to the minister that if under special circumstances the government decides that it should not spend

more than $400,000 or $500,000 a year as a set limit for this assistance, then in my opinion certain arrangements or agreements could be arrived at with the provinces concerned, since this is assistance that concerns only the Atlantic provinces and Quebec, to the effect that each province could not use more than a certain percentage of that amount, but I still insist that the basis of the assistance should be increased from $165 to $265 a gross ton. My reason for insisting on this is that the fisherman who purchases a boat that costs him $70,000 is put to very heavy expense which he has to cover during the fishing period which in most of the provinces, especially in New Brunswick, Quebec and Prince Edward Island, is limited to a season of six months.

On a $70,000 boat the fisherman is called upon to pay at least $2,000 a year in interest alone. He has to pay insurance costs in the vicinity of $1,000 besides that. In most cases he has to pay municipal taxes on the vessel amounting to $700 or often up to $1,000 a year.

If the purpose of this item is to help the fishermen on the basis of approximately 25 per cent of the cost of the vessel, and as the cost has more than doubled in the last 10 or 12 years, I again urge the minister to give this request very serious consideration.

Item agreed to.

DEPARTMENT OF JUSTICE

660. Northwest Territories—Administration of justice in the Northwest Territories, including the Northwest Territories territorial court—further amount required, $7,300.

Mr. Chevrier: Will the minister tell us what this item is for? I do not think the details are clear enough.

Mr. Fleming (Eglinton): This is a sum required to meet additional expenditures incurred in the course of administration of justice in the Northwest Territories. This additional expenditure has been incurred in retaining the services of outside reporters and the services of sheriffs.

Mr. Chevrier: I see in the details that a portion of this item, $5,600, is for the maintenance of prisoners and juvenile delinquents. May I have some explanation of that?

Mr. Fleming (Eglinton): These are expenses incurred in connection with some very lengthy trials, Mr. Chairman.

Mr. Pickersgill: Are these expenses in the Northwest Territories defrayed by the federal government and not by the territorial administration, as they would be in a province?

Mr. Fleming (Eglinton): Yes, we are responsible. This is in addition to the item that was provided in the main estimates of approximately $107,000.

Item agreed to.

661. Combines Ingestigation Act—Office of investigation and research—further amount required, $35,000.

Mr. Chevrier: Can the minister give some explanation of this item, and also can he tell the committee what the position is with reference to the Combines Investigation Act. The minister may recall that there was legislation on the order paper at the last session, which was amended first in one direction—I forget the details at the moment—and then later on it was decided to drop another portion of the legislation, and finally it was not proceeded with. Is it the intention to proceed with it at this session?

Mr. Fleming (Eglinton): Mr. Chairman, this $35,000 is required in connection with expenditures for fees and expenses of counsel, reporters, witnesses and other special assistants. The expenditure incurred in this respect was larger than was originally estimated.

In reference to the inquiry about legislation, I believe it is the intention of my colleague, the Minister of Justice, to introduce a bill during the present session.

Mr. Pickersgill: What does this $35,000 represent in relation to the whole item? What is the item?

Mr. Fleming (Eglinton): The original item was $452,109.

Mr. Pickersgill: That is about an 8 per cent increase?

Mr. Fleming (Eglinton): Yes.

Mr. Pickersgill: Which is a pretty substantial increase. Is this all for one trial?

Mr. Fleming (Eglinton): I understand not, but I speak subject to correction on that point. As to this 8 per cent increase, I think the hon. member will appreciate that in this field it is very hard to estimate. You do not always know when estimating in the previous year what trials you are going to encounter during the following year, or what the length of those trials is going to be. It is very difficult at times to estimate the length of a trial, and so far as the expense is concerned it is determined to some extent by the length.

Mr. Pickersgill: Has the minister got the total cost of a recent celebrated unsuccessful prosecution undertaken by the government?

Mr. Fleming (Eglinton): No, I have not. I would doubt if the expense has been fully tallied up yet, anyway.

Item agreed to.

LEGISLATION

The Senate—

662. General administration—further amount required, $55,000.

Mr. Pickersgill: I wonder whether the minister could explain what this item is for. It should be fairly easy to estimate the costs of the Senate, one would have thought.

Mr. Fleming (Eglinton): Mr. Chairman, notwithstanding that assumption, the Senate has incurred additional expense for publishing Senate debates, of $13,000; printing of other publications, $38,000, and expenses of committees, $4,000, aggregating $55,000. The intermediate item is principally for reporting services for divorces and other committees of the Senate, and the payment of a fee to the economic consultant of the Senate standing committee on finance.

Mr. Pickersgill: Mr. Chairman, does this mean that the senators are talking more than they used to do or does it cost more per word to print what they say?

Mr. Fleming (Eglinton): In so far as the printing and publishing of the debates is concerned, and the printing of other publications, all I can say is that this is an expense incurred to the queen's printer and these are the charges that have been incurred. I presume they must be met.

Item agreed to.

663. House of Commons—general administration—estimates of the Clerk—further amount required, $85,000.

Mr. McIlraith: What is the explanation of this item?

Mr. Fleming (Eglinton): This item concerns an additional requirement of $85,000 for the publishing of the debates of this house, Mr. Chairman.

Mr. Pickersgill: Is the cost of publishing the debates increasing? Is there a new rate or a new tariff or do we just talk more?

Mr. Fleming (Eglinton): There is a great deal of talking being done, Mr. Chairman; there is no denying that. In the course of the present fiscal year, not only this session but in the course of the fiscal year, there was a good deal of talking done. There was a good deal of talking done in 1959 and also 1960. Of course, the unrevised edition is published, and then there is the revised edition of *Hansard* as well, Mr. Chairman. This is a cost incurred which results from the printing and publishing, and I suppose it must be met.

[Mr. Fleming (Eglinton).]

Mr. Pickersgill: Is the rate charged by the queen's printer any higher than it was a year or two ago?

Mr. Fleming (Eglinton): I do not think so, Mr. Chairman. Some of his costs undoubtedly have risen; there can be no doubt about that.

Mr. McIlraith: Does this reflect an increase in the number of committee reports and the evidence taken in an increasing number of committees? I have the view that there are more committees sitting than there have been in former years.

Mr. Fleming (Eglinton): I understand, Mr. Chairman, that this is for the *Hansard* report of the debates of the house only.

Mr. Chevrier: Are there any of these reports of *Hansard* printed outside the office of the queen's printer?

Mr. Fleming (Eglinton): No, my understanding is that they are all printed by the queen's printer.

Mr. Chevrier: None is done outside?

Mr. Fleming (Eglinton): No, these are all done at the national printing bureau. This has to be so in the case of *Hansard* because it has to be in here not later than 11 o'clock the following morning.

Mr. Chevrier: Does that apply to the revised edition as well?

Mr. Fleming (Eglinton): Yes, I am sure that is correct.

Mr. Pickersgill: I wonder whether I could ask the Minister of Finance what proportion of the salary of the queen's printer is charged against the printing of *Hansard*.

Mr. Fleming (Eglinton): I do not believe there is any. I think you will find his salary is payable entirely under the estimates of the queen's printer.

Mr. Pickersgill: Can the minister say to whom it is being paid now because it appears to be the view of the present government that the office is redundant?

Mr. Fleming (Eglinton): There is an acting queen's printer, who is the assistant queen's printer, but he is not being paid the salary established for the queen's printer.

Mr. Chevrier: May I ask who the acting queen's printer is? Before the minister answers, could he give some reason why parliament has had to wait so many years for the appointment of a queen's printer? It seems to me that is a position of importance to parliament, and surely the government ought to be able to come to some decision on an appointee to a position such as this.

Mr. Fleming (Eglinton): The gentleman who is acting in this capacity, and who is the assistant queen's printer, is Mr. Clifford Watt. The hon. gentleman speaks about the position being vacant for years. I think he is overlooking the fact that the previous incumbent of this position retired from it only about a year ago.

Mr. Chevrier: It was 18 months ago, I am told.

Mr. Fleming (Eglinton): I do not recall the exact time, but it was about a year ago or perhaps a little more. I am quite sure that no one is suffering and service is being rendered. I have heard no complaints about the service being rendered by the printing bureau in connection with the printing of the reports of the house. I am not in a position, and it would not naturally fall within my province, to make any announcement concerning intentions to make an appointment.

Mr. Pickersgill: If the service is not suffering because there is no queen's printer, does not the minister think the position is redundant and ought to be abolished? Surely there must be some good reason for having a queen's printer. If there is a good reason for having a queen's printer, it is difficult to believe the service would not suffer if the office were left vacant for so long. My own opinion is that it is suffering.

The Deputy Chairman: Shall vote 663 carry?

Mr. Pickersgill: No, Mr. Chairman. This is the only place where I can ask the minister, on the general administration of the House of Commons—I could have asked under the Senate vote, I suppose—when the government is going to get around to appointing a librarian of parliament. This is a crown appointment over which parliament has no control. There is no question, however, that the service to parliament is suffering during the period of this vacancy in this important office. It is an office of pecular interest to us in this house.

Mr. Fleming (Eglinton): There is nothing in this item that relates to the library of parliament. If the hon. gentleman does not find an answer to his question in due time, there will be other opportunities for him to press the matter.

Item agreed to.

664. To provide, notwithstanding the Public Service Superannuation Act, that Lieutenant Colonel W. J. Franklin, who purported to elect, on the 16th day of February, 1960, pursuant to subsection (2) of section 40 of that act, to continue to be a participant under part II thereof, shall be deemed to have elected, within the period prescribed by the said subsection, to continue to be a participant if, before the 1st day of May, 1960, he contributes to the consolidated revenue fund an amount equal to the amount that he would have been required to contribute had he elected within the said period, $1.

Mr. Chevrier: Mr. Chairman, I rise to support this vote. I should like to say a word about the incumbent with whom I have been associated for a period of many years, first in my capacity as a member of parliament for the constituency of Stormont, from which he came, and that of Glengarry as well, but more importantly in my capacity as an honorary colonel of the Stormont, Dundas and Glengarry Highlanders. Colonel Franklin and myself share that honour and that distinction. I feel that on this vote I should express a word of appreciation, I am sure on behalf of those who sit on this side of the house, for his excellent services during the many years he acted as Sergeant-at-Arms.

He was not only a soldier of repute but also proved in this difficult position to be a good administrator. He was above all, I think, a fine gentleman. Colonel Franklin's record in two world wars is one which I am sure most of us here know. His record in the first world war was one of distinction. In the second world war, he immediately offered to mobilize the first battalion of the Stormont, Dundas and Glengarry Highlanders, and that he did with immediate success, but afterwards took command of the second battalion. It was during the period of time that I was on the other side of the chamber and was minister of transport that he was appointed to the position he held with such distinction and, I believe, with such satisfaction to all sides of the House of Commons during his time in office.

I should particularly like to refer to his ability to get along with not only the members of the House of Commons but the many people on the staff who are obliged to come in contact with the Sergeant-at-Arms repeatedly. I think I can safely say that this statement applied to him not only during the years up to June, 1957, but afterwards. It was a position that required a great deal of tact and Colonel Franklin was known for that characteristic.

I think the government should be commended for introducing this item in the estimates. I am positive it will be supported not only by us but by all members who sit on both sides of the chamber who, I trust, will find it possible to approve the words which I have just expressed.

Mr. Fleming (Eglinton): I thank the hon. gentleman for what he has said. For my part I should like to join very heartily in the tribute he paid to Colonel Franklin. I had a very happy and warm personal

relationship with Colonel Franklin. In the 15 years we had been together here I think the friendship which I had been privileged to enjoy with Colonel Franklin was probably unusually warm. I can most heartily and sincerely endorse what the hon. member for Laurier has said about Colonel Franklin.

Just recently I had occasion to convey to Colonel Franklin an expression of personal regard and esteem for the long public service he has rendered. He was a man of very great tact and indeed a man of considerable personal charm. One could not ask for anything happier than the way in which Colonel Franklin addressed himself to the wide variety of duties that fall upon the shoulders of the Sergeant-at-Arms. A great deal of versatility is required of the incumbent of that position. Colonel Franklin's service to the Canadian people through this parliament I am sure will be long and gratefully remembered.

I think we may all be happy indeed at the thought that now in his retirement he is enjoying good health, and we hope he may look forward to many years of happiness in his retirement and the well-earned leisure that goes with it. I appreciate indeed what the hon. gentleman has said about the provision that has been made for his benefit by this item. I hope it will commend itself to all hon. members.

Mr. Speaker: I have other opportunities and means of expressing my appreciation of Lieutenant Colonel Franklin, retired Sergeant-at-Arms, but I should not like the opportunity to pass, as I am now in my seat when this vote is before the committee, without saying that I endorse what has been said by the hon. member for Laurier and the Minister of Finance, particularly as I had the responsibility of working with Colonel Franklin, when he was Sergeant-at-Arms, more closely perhaps than other hon. members of the house. In the three years in which I have occupied the chair I have enjoyed that association and have found him at all times to be a co-operative, and able officer of good judgment. I wholeheartedly endorse what has been said and add my best wishes to Colonel Franklin in his retirement.

Mr. Herridge: On behalf of this group I want to express their appreciation of the services rendered by Colonel Franklin over a good number of years and to wish him a lengthy, happy and healthy retirement. Having said that, I should like to ask the minister why this item is necessary. Would the minister mind explaining this item? It is not quite clear to some of the members of this group.

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): Very simply the explanation is this. Colonel Franklin had not completed in the prescribed time the papers that were necessary in order to enjoy the benefit of the supplementary death benefit plan under the superannuation act.

Mr. McIlraith: I want to express my appreciation to the Minister of Finance for the words he has uttered under this item today about the former Sergeant-at-Arms and to concur with the remarks made by him, by the Speaker of the house and by the hon. member for Laurier. I greatly doubt whether too many hon. members appreciate fully the amount of detail and work involved each time there is a change of parliament. Such a change creates problems requiring infinite judgment, care and patience. I think Colonel Franklin showed great fairness of mind in those many small but intensely practical problems that arise each time parliament changes, and there have been several of those changes since 1945. Holding that view, I was most appreciative of the remarks of the Minister of Finance, the hon. member for Laurier, His Honour the Speaker of the house and the hon. member for Kootenay West.

There is one point I want to mention about this item. I think it should be mentioned but I do not want my remarks to be misunderstood. I hold the view that the method of the termination of the appointment left something to be desired. We were dealing with an officer of parliament and the officer of parliament concerned is appointed by letters patent—in other words, a commission —almost identical in form with those under which a minister of the crown is appointed.

There is, of course, no question at all as to the right to terminate that appointment at any time. However, I thought that the method of termination without notice on this occasion surely left something to be desired, bearing in mind the fact that the government was dealing with an officer of parliament. I do not want to elaborate unduly on the subject but surely when dealing with an officer of parliament, and particularly one with such an outstanding record, he having also served outside of parliament with such distinction in one of the fine historic regiments of Canada, a little bit more care and a somewhat better technique could have been used in carrying out the termination of the appointment. I do not wish to pursue the matter unduly. However, I should like to feel that the government would take note of my remarks and that, if the occasion ever arises in the future to deal with a similar matter, more care would be used.

Mr. Peters: I am wondering why this vote was necessary. This vote would indicate to

me—I may be wrong and if so, I should like the minister to correct me—that no pension had been established for Colonel Franklin during his term here and that now we are waiving the act as such—I refer to the Public Service Superannuation Act—in order to allow him to establish pension benefits. What I should also like to ask is whether this is normal procedure. Do we extend this privilege to others?

I would presume the reason he was not under superannuation was the nature of his position and the fact that there is no foreseeable termination date to that office in the same way as the offices of deputy ministers and other high ranking officials of the government. Will this also be applied to other civil servants in similar circumstances who are not governed by the superannuation regulations?

Mr. Fleming (Eglinton): Colonel Franklin was under the superannuation act. Let me clear up this point at once. This item pertains to the supplementary death benefit plan. It is not related to the superannuation benefit in general.

Item agreed to.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Surveys and mapping branch—

665. Geodetic survey of Canada—further amount required, $47,800.

Mr. Chevrier: I wonder whether we could get some general description of this amount?

Mr. Fleming (Eglinton): Mr. Chairman, I can explain this very briefly. This additional sum of $47,800 is required to provide for the purchase of five motor vehicles which were destroyed in a fire at Regina airport on November 1 last, and an underestimation of the amount voted for salaries.

Item agreed to.

Canadian hydrographic service—

666. Administration, operation and maintenance—further amount required, including approval of a grant in the amount of $21,250 made to the University of Toronto toward the cost of a geophysical program in the Great lakes, $392,250.

Mr. Chevrier: There are a number of items here, one of which is pretty substantial. The item being voted is $392,250, administration, operation and maintenance. In the detail there is an item of $280,000 for repairs and upkeep of ships and boats. Would the minister indicate what ships and/or boats this amount is for, and why there was not a sufficient amount voted in the main or further supplementary estimates to cover this?

Mr. Fleming (Eglinton): Mr. Chairman, there was an underestimate of the amount here required. The department's estimate of the amount required was made before the vessels had been drydocked. After they had been drydocked and examined it was revealed that the repairs necessary would not be as extensive as had been expected. In some cases all repairs cannot be completed before March 31. Therefore the amount required is $280,000 which is included in this estimate.

I can give the ships: C.G.S. *Baffin;* C.G.S. *Acadia;* C.G.S. *Cartier;* C.G.S. *Kapuskasing;* C.G.S. *Marabell;* C.G.S. *William J. Stewart* and C.G.S. *Parry.* Then for various launches there is a figure aggregating $26,000.

Mr. Chevrier: Are these ships which belong to the Department of Mines and Technical Surveys or are they ships which are chartered for that department?

Mr. Fleming (Eglinton): These are all Canadian government steamships, Mr. Chairman. There were advantages, of course, in having this work done during the present fiscal year because the additional work provided employment in a relatively slack season. The doing of this work will make it possible to commence the 1960 field program early in the next fiscal year.

Mr. Chevrier: The minister has not answered the question I asked. I asked, do these ships belong to the department?

Mr. Fleming (Eglinton): They are government steamships.

Mr. Chevrier: Yes, I know they are government steamships from the description the minister has given, but do they belong to the Department of Mines and Technical Surveys or are they chartered from some other department such as the Department of Transport or the department of northern affairs?

Mr. Fleming (Eglinton): The title to the ships, of course, is in the crown. The custody, management and operation of the ships is confided to the Department of Mines and Technical Surveys.

Mr. Chevrier: Mr. Chairman, I do not want to pursue this unduly, but this is what I am trying to establish. The Department of Transport has a number of ships. From time to time in the past it has provided some of its ships for hydrographic service to the Department of Mines and Technical Surveys. What I am interested in knowing is this. There is not an item covering these ships for the Department of Mines and Technical Surveys, whereas in the general item under the Department of Transport these repairs are covered. That is why I am interested to know whether these ships, which are the property of the crown, are the property of the crown

in the right of the Department of Mines and Technical Surveys or in the right of some other department.

Mr. Fleming (Eglinton): These are ships which pertain to the Canadian hydrographic service of the Department of Mines and Technical Surveys.

Mr. Pickersgill: I notice an item here for something new. Could the minister explain what that is? I judge it is new from the wording of the vote itself.

Mr. Fleming (Eglinton): No, this is a further amount required. Is the hon. member referring to item 666?

Mr. Pickersgill: Yes, to the words "including approval of a grant in the amount of $21,250 made to the University of Toronto toward the cost of a geophysical program in the great lakes". I assume those words must have been put in because they were not in the main estimate.

Mr. Fleming (Eglinton): So far as that part of the item is concerned, it applies to payments to the University of Toronto for operating H.M.C.S. *Porte Dauphine* for the purpose of carrying out geophysical work on the great lakes. That work was carried out in pursuance of an arrangement under which the Department of Mines and Technical Surveys gave financial assistance for the period from July 23 to November 30, 1959, to the University of Toronto for a program of geophysical studies conducted in the great lakes. Financial assistance was also given to this enterprise by the national research council for a further period. Moreover, the Department of National Defence has assisted by making available the *Porte Dauphine* for use on the project.

Mr. Pickersgill: I take it this is something not foreseen at the time the main estimates were prepared, and that is the reason for including this language in this supplementary estimate. Is that correct?

Mr. Fleming (Eglinton): I believe that is correct, Mr. Chairman. The provision in this respect was authorized by the treasury board last July.

Mr. Chevrier: Mr. Chairman, I am sorry to have to take up so much time on this matter of the hydrographic vessels. My recollection is that the former government set aside a substantial sum of money for the construction of a hydrographic vessel. My recollection also is that a portion of that sum was voted, I believe since the present government has been in office. I was under the impression that that was the only hydrographic vessel which was the property of the Department of Mines and Technical Surveys.

[Mr. Chevrier.]

That is why, when the minister gave this list of vessels, I was inquisitive as to where the title lay and I still have not got a reply to my question. I am still of the opinion, however, that there is just the one vessel in that department for hydrographic services. I may be mistaken as to that, and if I am I will stand corrected by the minister. I knew that other such vessels had been chartered from time to time or had been loaned by other departments of government to the Department of Mines and Technical Surveys. My only purpose in asking the question was to get the assurance from the minister that there was not a duplication of items in the estimates in that the Department of Transport if it happened to be that department, loaned one or more of its ships to the Department of Mines and Technical Surveys for the purpose of geodetic surveys in the northern part of Canada. I wonder whether the minister could clear up my query.

Mr. Fleming (Eglinton): I will do my best in that respect. I can assure the hon. gentleman in the first place that there is no duplication. Treasury board would be most remiss if it ever tolerated duplication in the estimates. The charges in respect of ships, shipbuilding and repairs for hydrographic purposes are made to the Department of Mines and Technical Surveys.

Mr. Chevrier: Could the minister answer the first part of my question about the vessel which was built at considerable cost exclusively for the Department of Mines and Technical Surveys for use in hydrographic surveys in northern Canada?

Mr. Fleming (Eglinton): I do not think I had better attempt to answer as to a particular ship, but if I can be of assistance in getting information about a particular ship for the hon. gentleman I shall be pleased to do so.

Item agreed to.

Geographical branch—

667. Administration, operation and maintenance—further amount required, $27,205.

Mr. Chevrier: The amount required for this vote is $27,205, and the largest item is for the continuing establishment. Will the minister give us some idea what the continuing establishment is, and why this additional amount is required?

Mr. Fleming (Eglinton): This amount is required by reason of the underestimation of the cost of the approved programs. The additional amount is based on four items, salaries and wages, $17,500; publication of technical reports, $8,755; a film strip on the city of

Halifax produced by the national film board, $50; repairs and upkeep of equipment, $900, making a total of $27,205.

Item agreed to.

Mr. Chevrier: May we call it 5.45 p.m.?

The Deputy Chairman: Since it is now 5.45, in accordance with the understanding reached when Mr. Speaker was in the chair, shall I rise, report progress and ask leave to sit again?

Some hon. Members: Agreed.

Resolutions adopted in committee of supply this day reported and concurred in.

NATIONAL DEFENCE

FURTHER STATEMENT ON AIR DEFENCE PROGRAM

Hon. G. R. Pearkes (Minister of National Defence): I should like to ask the house for unanimous consent to revert to motions so that I may make a further statement regarding the air defence plan.

Mr. Speaker: Has the hon. minister consent to revert to motions?

Some hon. Members: Agreed.

Mr. Pearkes: I should like to make a further statement in amplification of the replies I made in the house this morning regarding the revision of the air defence program. As I mentioned this morning, the United States air force has put certain proposals before the appropriations committee of the house of representatives. The United States authorities are releasing at this hour the gist of their proposals which were made to the house of representatives subcommittee yesterday, and I feel it appropriate that this house should be informed of these changes. I should add that this is the statement which is being released by the United States defence department at this time:

The United States air force has proposed substantial changes in its air defence and strategic programs to expedite missile detection systems, to bring in a simplified air defence system at an earlier date, and increase ICBM capability.

The proposal recommends that these projects be financed primarily with funds which would be made available by a reduction in the Bomarc "B" production program and cancellation of the planned installation of advanced SAGE combat centres. An effective SAGE system for control of Bomarc and interceptors will be completed.

The projects recommended by the Air Force include:

1. The acceleration of MIDAS, the satellite system designed to detect ICBMs at the earliest possible moment after launch.

2. The acceleration of the second and third units of the ballistic missile early warning system, the first of whose powerful radars is scheduled to become operational within the next few months.

3. Improvement of the capability of "Century Series" interceptors and modernization of current radar coverage.

Air Defence Program

4. Technical development of an advanced fire control and missile system for interceptors.

5. An increase in the number of Atlas intercontinental ballistic missiles previously programmed to be on launch pads in calendar year 1962. This would be accomplished by increasing the number of missiles and launch pads of some Atlas squadrons previously announced.

6. Insurance of expeditious development and reliability testing of "minuteman," the solid fuel ICBM which is to be manufactured in quantities for installation in hardened underground sites and on railway cars moving at random about the country.

The completed air defence system proposed under the change in program would be operational at least two years earlier than the system previously planned.

These changes will contribute generally to an earlier and effective practical air defence against the weapons on which the Soviet will have to rely for decisive attack within the next several years.

The recommended projects would cost in the order of $500 million during fiscal years 1960 and 1961. The proposed reduction of Bomarc B production and elimination of the hardened SAGE combat centres would make available funds to finance the recommended projects.

The proposed transfer of funds was submitted in classified detail to the house appropriations committee in executive session on March 24, 1960.

The program changes were proposed on the grounds that emphasis in the over-all threat is shifting towards ballistic missiles and that several years' time would be required to bring the advance SAGE combat centres in hardened sites to full operational status. SAGE stands for semi-automatic ground environment. It is an electronic air warning and air defence weapons control network, the heart of which is a computer built by the military products division of International Business Machines at Kingston, New York.

SAGE installations which can be in operation much earlier than those previously proposed in the hardened supercombat centres are scheduled to be completed.

The Bomarc is a surface to air missile developed by the Boeing Airplane Company to operate with all other air defence weapons under direction of the SAGE system. Under the proposed shift in funds, Bomarc units in the revised program would be concentrated in the industrial northeast.

The proposed reduction in total Bomarc strength will not affect Bomarc squadrons programmed for the Royal Canadian Air Force.

Included in the revised air defence budget are provisions for SAGE direction and control in Canada. The Canadian Minister of National Defence has been kept fully informed throughout development of the air force's modified air defence plan.

In further explanation I might say this means that instead of the advanced SAGE combat centre which I announced in July last year it is now propsed to install in Canada a tube SAGE combat centre in lieu of the previously planned transistorized centre. While this program forecasts a reduction in the number of Bomarc B's to be produced in the United States, this reduction does not interfere with the two Bomarc installations which are to be located in Canada. It is still the intention that there will be two Canadian Bomarc sites as an integral part of the modified Bomarc system.

Air Defence Program

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the minister's statement is obviously a very important one on a vitally important subject. It would not be the part of responsibility on our side to comment on it in any final way until we have had a chance to examine its implications for continental defence and for Canada. I have not yet had that opportunity. The minister with his usual courtesy and consideration in these matters indicated that he would try to give me a copy in advance but it was not possible to do that—and I do not criticize him for this—until I was just entering the house. Therefore, I have not had sufficient opportunity to examine this statement which is such an important and complicated one.

From reading the statement and listening to the minister, however, it is quite clear in my mind that it represents what perhaps may be called a major shift in United States defence policy although apparently not such a shift in that part of the continental defence policy which has been allocated to Canada. It seems clear from this statement that in Washington there is now going to be greater emphasis on the deterrent and less emphasis on defence as such in the hope, no doubt, that by a more effective and powerful deterrent there will be no need for strict defence because it will prevent attack.

This emphasis on the deterrent seems to be shown not only by the reduction in the support to be given by the United States government to Bomarc and to the semi-automatic ground environmental system, but also by the information contained in this statement that there is to be an increase in the resources to be allocated to intercontinental ballistic missiles and to the ballistic missile early warning system.

That in my view, if I understand it correctly, represents a very important shift in United States defence policy which is bound, of course, to have an effect on Canada. But the effect in terms of immediate policy does not seem to be shown in this statement because, as I understand it, while the United States government is abandoning to a very large extent Bomarc and SAGE, restricting Bomarc to the defence of the northeast according to the statement, the two Canadian Bomarc squadrons and the SAGE installations in support of those squadrons are to be maintained. In other words, this statement would appear to indicate that the minister's confidence in this particular weapon remains unimpaired. Perhaps I might put it this way: The United States has changed the kite but the tail remains the same.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, one of the most significant things in the minister's statement is the further confirmation of the very inferior role that Canada is playing in the so-called defence partnership with the United States. As I see our position, there is no longer, if indeed there ever was, a real partnership. The minister in his statement pointed out that the proposed transfer of funds was submitted in classified detail to the house appropriations committee in executive session on March 24, 1960. In other words, this is strictly a made-in-Washington policy in which Canada has had no effective voice.

Mr. Pearkes: That is not correct, of course.

Mr. Argue: The change in United States emphasis away from the Bomarc to intercontinental ballistic missiles demonstrates that the military minds in the United States have decided for all practical purposes that the Bomarc is an ineffective weapon and is in fact a dead duck but Canada remains committed to what is obviously a useless military expenditure in terms of defence, something we in this group have been saying for a long time.

We think every great military authority will confirm that Bomarc weapons are unable to prevent bombers coming through that might be attacking this continent. Even if the Bomarc were operative sufficient planes would get through at any time to destroy the North American continent. We are opposed to the procedure in this regard because we are opposed to nuclear weapons on Canadian soil and in the future these weapons will be equipped with nuclear warheads.

We feel there is altogether too much money being spent on armaments at this time. Those armaments are already obsolete. The minister's statement indicates that we are correct in our view. There should be a large cut in military expenditures and a transfer of this money to economic assistance and improvements in the living standards in underdeveloped countries. This is an indication that on this continent the departments of defence of both Canada and the United States are out of step with the thinking of the people of the world. Now is the time for agreement on disarmament and a change in emphasis from military expenditures to peace expenditures. There is much evidence to support this view.

Mr. Pearkes: Mr. Speaker, may I just answer a couple of questions?

Mr. Speaker: In view of the time, and in view of the usual practice with statements, where comment is permitted but not debate, although the hon. member for Assiniboia perhaps strayed from that in his comment, I think it would be inappropriate to continue the discussion.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire from the leader of the house what the business is for next week?

Mr. Churchill: Mr. Speaker, it is a little difficult to give a complete list for next week. Monday is private members' day and Thursday evening is budget evening, but for Tuesday and Wednesday we will attempt the following items. Item No. 17 on the order paper is a motion in my name dealing with a reference to the committee on agriculture and colonization of a matter pertaining to feed mills in the prairie provinces.

I expect we will have before us from the other house amendments to the energy board act which I should like to bring forward on Tuesday. Then we would continue with item No. 9 on today's order paper, which is a resolution in the name of the Minister of Public Works dealing with the Trans-Canada Highway Act.

There is doubt as to at just what stage we will return to this particular matter of supplementary estimates. I might put it down for say Tuesday evening, if things move along in the house, and on Wednesday, if it is agreeable, we would, if we had not completed the supplementary estimates on Tuesday night, complete them. Similarly, on Wednesday, if it is agreeable, we would like to pass the resolution having to do with the Federal-Provincial Tax-Sharing Arrangements Act so that the bill could be debated on Friday of next week. There would be no restriction of debate in any way at all, but it would be helpful perhaps to have the bill in front of us. That is all I can usefully outline tonight for next week's business.

Mr. Chevrier: May I ask one question? Would the house leader not consider putting over the federal-provincial tax-sharing resolution until Friday, say, because of the fact that many of us who would like to participate in this matter are also on the railways and shipping committee which, as the minister knows, will be sitting on Tuesday, Wednesday and Thursday of next week.

Mr. Churchill: We will make some such arrangement. I was wondering whether, if the resolution passed without further debate on Wednesday, we could have the bill in front of us for full debate on Friday. If, on the other hand, that does not suit, we might discuss it on Monday.

Mr. Chevrier: Thank you.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

FATHER POINT—PILOT STATION REMOVAL

Question No. 145—**Mr. Bourget:**

1. Are steps being taken by the Department of Transport to move the pilot station at present situated at Father Point?
2. If so: (a) What sites have been considered for the establishment of this new station? (b) Have estimates of the cost been prepared for each of such sites? (c) In each case, what is the cost of the work involved?
3. Has a final decision been reached on the choice of a new site? If not, when is it expected that such decision will be taken?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes, at the request of the pilots themselves.

2. Several sites have been considered tentatively, including Anse aux Basques, Les Escoumins, Anse Noire and Trois Pistoles; and tentative cost estimates developed, but since this whole matter is to be reviewed again—as already announced—no final cost estimates are available as yet.

3. While a temporary move to Les Escoumins has been decided upon for this year, no final decision on a permanent new site has as yet been made and the matter will receive further study during the present year.

DORVAL AIRPORT—DECORATING TENDERS

Question No. 289—**Mr. Dupuis:**

1. Were tenders called in connection with the decorating of the federal airport in Dorval, Quebec?
2. If so, on what date?
3. What were the names of the firms or persons who submitted tenders, and the respective amounts of each tender?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. "Decorating" in its common interpretation is included in the general contract.

2 and 3. Answered by 1, above.

FEDERAL BUILDING—PLESSISVILLE, QUE.

Question No. 306—**Mr. Roberge:**

1. Was the contract for the construction of a federal building in Plessisville, Quebec, awarded to the lowest bidder?
2. To whom was the contract awarded?
3. Were any extras paid to the contractor?
4. If so, of what nature and in what amount?

Answer by: **Hon. D. J. Walker (Minister of Public Works):**

1. Yes.

2. J. O. Lambert Inc., 6 Garagonthier Street, Quebec, P.Q.

3. Yes.

4.

Nature of Additional Work	Amount
To increase the height of the security chest in the vault room	$ 142.60
To change the lettering on the post office wickets and to omit the installation of the Canadian coat of arms	10.00
To add one lighting fixture to improve lighting over the desk in the vault room	38.50
To relocate the fixtures to improve lighting in the staircase, storage room and lunch room	113.30
To cover the stone lintel over the windows on the main façade with aluminum flashing as an added assurance against water damage to the masonry	272.53
To instal wire mesh on post office grilles	115.91
To remove steel beam at roof framing and replace with larger beam including masonry and roof over	2,191.20
Total amount	$2,884.04

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF AGRICULTURE

Production and marketing branch—

631. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates—further amount required, $187,584.

Health of animals division—

632. Administration of Animal Contagious Diseases Act, and Meat and Canned Foods Act—further amount required, $437,000.

633. Payment of compensation to owners of animals affected with diseases coming under the Animal Contagious Diseases Act, which have died or have been slaughtered in circumstances not covered by the above act and regulations made thereunder, all as detailed in the estimates, $8,385.

Livestock division—

634. Grants to agricultural organizations, as detailed in the estimates—further amount required, $43,000.

635. Quality premiums on high grade hog carcasses and administration costs—further amount required, $800,000.

Plant products division—

636. Agricultural lime assistance—further amount required, $325,000.

637. Contributions to the governments of the provinces of Manitoba and Saskatchewan, in accordance with terms and conditions prescribed by the governor in council, of one half of the amounts paid by the governments of those provinces for transporting haying equipment, fodder and livestock to and within those provinces on and after July 1, 1958—further amount required, $13,500.

638. To extend the purposes of vote 614, further supplementary estimates (1), 1959-60, to include the transport of livestock bedding other than straw, $1.

Special—

639. Prairie Farm Assistance Act administration—further amount required, $134,000.

640. Estimated amount required to recoup the agricultural commodities stabilization account for the net operating loss of the agricultural stabilization board during the fiscal year 1959-60, $57,661,176.

BOARD OF BROADCAST GOVERNORS

641. Salaries and expenses of the board—further amount required, $23,889.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Indian affairs branch—

642. Welfare of Indians—operation and maintenance—further amount required, $410,000.

DEPARTMENT OF DEFENCE PRODUCTION

A—Department—

643. Grants to municipalities in lieu of taxes on crown-owned defence plants operated by private contractors—further amount required, $5,021.

DEPARTMENT OF EXTERNAL AFFAIRS

B—General—

North Atlantic Treaty Organization—

644. Further contribution by the Canadian government towards the cost of constructing the North Atlantic treaty organization permanent headquarters—to increase by 248,029 new French francs the amount of the contribution provided for in vote 92, main estimates, 1959-60; the equivalent in Canadian dollars estimated as of March, 1960, is, $48,018.

International Civil Aviation Organization—

645. Payment to the International Civil Aviation Organization in part reimbursement of compensation paid its Canadian employees for Quebec income tax for the 1958 taxation year—further amount required, $1,427.

Special—

646. Commonwealth scholarship plan, $11,000.

647. Gift of uranium to the international atomic energy agency, $61,842.

648. Expenses in connection with Canada's participation in the world refugee year and, notwithstanding section 35 of the Financial Administration Act, to authorize payments to be made pursuant to this vote up to the 1st day of April, 1961; there shall be charged to this vote and included in the unexpended balance of vote 55 of the main estimates, 1959-60, an amount equal to the amount spent and charged to that vote in connection with the world refugee year, $600,000.

649. Canadian government's assessment towards financing the United Nations emergency force in respect of the calendar year 1960 in the amount of $307,182 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1960, which is, $291,919.

650. To reimburse the agricultural commodities stabilization account for dry skimmed milk donated to international relief agencies, organizations and governments—further amount required, $1,064,220.

651. To reimburse the agricultural commodities stabilization account for canned pork donated to Japan for the relief of typhoon victims, $60,000.

652. To reimburse the agricultural commodities stabilization account for canned pork donated to international relief agencies, $1,096,442.

DEPARTMENT OF FINANCE

Contingencies and miscellaneous—

653. Telephone service at Ottawa for all departments—further amount required, $87,000.

654. To authorize the treasury board to delete from the accounts certain debts due to, and claims of Her Majesty, each of which is in excess of $1,000, amounting in the aggregate to $960,734.50, $1.

Special—

655. Expenses of the royal commission on Canada's economic prospects, $9,450.

656. Contribution to the New Brunswick fishermen's disaster fund, $50,000.

DEPARTMENT OF FISHERIES

Special—

657. Assistance in the construction of vessels of the dragger or long-liner type—further amount required, $124,512.

658. To recoup the lobster trap indemnity account and the fishing vessel indemnity account established under vote 540 of the Appropriation Act No. 5, 1955, in respect of losses incurred in the operation of the said accounts during the fiscal year 1959-60 and in the amounts detailed in the estimates, $87,310.

DEPARTMENT OF JUSTICE

A—Department—

659. Exchequer court of Canada—administration—further amount required, $10,000.

660. Northwest Territories—administration of justice in the Northwest Territories, including the Northwest Territories territorial court—further amount required, $7,300.

661. Combines Investigation Act—office of investigation and research—further amount required, $35,000.

Supply—Items Passed

LEGISLATION

The Senate—

662. General administration—further amount required, $55,000.

House of Commons—

663. General administration—estimates of the Clerk—further amount required, $85,000.

664. To provide, notwithstanding the Public Service Superannuation Act, that Lieutenant Colonel W. J. Franklin, who purported to elect, on the 16th day of February, 1960, pursuant to subsection (2) of section 40 of that act, to continue to be a participant under part II thereof, shall be deemed to have elected, within the period prescribed by the said subsection, to continue to be a participant if, before the 1st day of May, 1960, he contributes to the consolidated revenue fund an amount equal to the amount that he would have been required to contribute had he elected within the said period, $1.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Surveys and mapping branch—

665. Geodetic survey of Canada—further amount required, $47,800.

Canadian hydrographic service—

666. Administration, operation and maintenance—further amount required, including approval of a grant in the amount of $21,250 made to the University of Toronto towards the cost of a geophysical program in the great lakes, $392,250.

Geographical branch—

667. Administration, operation and maintenance—further amount required, $27,205.

HOUSE OF COMMONS

Monday, March 28, 1960

The house met at 2.30 p.m.

VACANCY

Mr. Speaker: I have the honour to inform the house that consequent upon the notification given in this house on Friday, March 25, 1960 by the hon. member for Gatineau (Mr. Leduc) and pursuant to section 10 of the House of Commons Act, I have addressed my warrant to the chief electoral officer for the issue of a new writ for the election of a member in the electoral district of Labelle in the province of Quebec.

RAILWAYS, AIR LINES AND SHIPPING

CONCURRENCE IN FIRST REPORT OF SESSIONAL COMMITTEE

Hon. W. Earl Rowe (Dufferin-Simcoe) presented the first report of the sessional committee on railways, air lines and shipping owned and controlled by the government and moved that the report be concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

ANNOUNCEMENT RESPECTING EASTER ADJOURNMENT

Right Hon. J. G. Diefenbaker (Prime Minister): Hon. members have been making some inquiries respecting the adjournment at Easter time for the vacation that is customarily taken during that season. I simply wish to advise at this time that at some convenient date a motion will be moved for the adjournment of the house from Wednesday, April 13, at the conclusion of the sitting that day, until Monday, April 25.

Hon. L. B. Pearson (Leader of the Opposition): The house will not have been surprised at the announcement by the Prime Minister with regard to the Easter recess.

Mr. Hazen Argue (Assiniboia): The statement as to the Easter recess is somewhat of a routine one, since the Easter recess is ordinarily of this duration. Of course this is a very acceptable announcement.

DOMINION-PROVINCIAL CONFERENCE

ANNOUNCEMENT OF PROPOSED DATES

Right Hon. J. G. Diefenbaker (Prime Minister): I should like to announce to the house that last week I sent a letter to the several provincial premiers proposing that a dominion-provincial conference on fiscal relations be held in Ottawa on July 25, 26 and 27 next, if these dates are generally acceptable to the various premiers.

Hon. members will recall that the Minister of Finance, at the meeting of the dominion-provincial committee of ministers of finance and provincial treasurers in Ottawa in October last, announced that the federal government intended to convene a plenary dominion-provincial conference in mid-1960 the purpose of which would be the discussing of the fiscal arrangements between the dominion and the provinces to follow the present tax-sharing arrangements, which will end on March 31, 1962.

Hon. L. B. Pearson (Leader of the Opposition): With respect to the announcement with regard to a federal-provincial conference, which also had been forecast, it would be interesting to learn—and perhaps the Prime Minister could tell us now in view of previous statements that have been made on the matter—what will be the position of the municipalities at this conference.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I am pleased that the Prime Minister has announced that the federal-provincial conference will be held in Ottawa. I think such a conference is most essential not only because the agreements are coming to an end, as the Prime Minister has said, on March 31, 1962, but because there are many urgent and pressing fiscal policies with which the provinces wish to deal at this time, regarding the solution of which the federal government can no doubt be of help.

I am pleased that the announcement is a firm one, and does not depend on whether or not the house is in session. I remember that on a former occasion the Minister of Finance said that such a conference could not be held with parliament in session. I do not think there is any need for one to bar the other. I am glad the announcement has been made even though I anticipate that the house may still be in session.

Continental Air Defence Policy

NATIONAL DEFENCE

CONTINENTAL AIR DEFENCE POLICY—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I ask leave to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the lack of adequate consultation between Canada and the United States, as revealed in statements made by the Minister of National Defence on and since Friday last, over the basic change made by the government of the United States in continental air defence policy, together with the decision of the minister to continue unchanged Canadian expenditures on a weapon for which a drastic cut has been proposed in the United States defence budget.

In speaking to this motion, Mr. Speaker, I do not of course have to do more than mention the importance of the subject with which it deals. I realize that under the standing order in question the matter must be not only important, but the discussion of it should be justified on the ground of urgency.

I suggest, Mr. Speaker, that statements which have been made in this house and outside the house by the minister and representative of the government have created a state of confusion, misunderstanding, and anxiety in the country which does make it urgent that this matter should be cleared up at the earliest possible date, and that one aspect of this confusion and anxiety—

Mr. Diefenbaker: I do not want to interrupt the Leader of the Opposition, Your Honour, but he does not have to proceed with his argument to convince us that we desire an acceptance of this motion. He need not continue in that direction at all. We will be most happy to have and welcome the opportunity for a discussion of this question to remove misapprehensions and misinterpretations which have taken place over it.

Mr. Speaker: If there are no hon. members who wish to present a contrary view, then my task is simply one of recognizing the will of the house. I will read the proposed subject matter upon which the Leader of the Opposition asks leave to move the adjournment of the house. It is in these terms:

> I ask leave to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the lack of adequate consultation between Canada and the United States, as revealed in statements made by the Minister of National Defence on and since Friday last, on the basic change made by the government of the United States in continental air defence policy, together with the decision of the minister to continue unchanged Canadian expenditures on a weapon for which a drastic cut has been proposed in the United States defence budget.

[Mr. Argue.]

Has the hon. member leave to move the motion?

Some hon. Members: Agreed.

Mr. Pearson: In moving the adjournment of the house in order to discuss this matter, I do so not only because of the vital importance of the question of continental defence to every Canadian, but also because of our inability in this house to secure from the government any clear statement of defence policy, more particularly of continental defence policy.

This matter was brought up on this side in the debate on the address. I referred to it at some length on that occasion, as did other members of the official opposition. On that occasion the Minister of National Defence did not take advantage of the opportunity which was afforded to him of discussing this subject, a subject so very much in the minds of Canadians at this time, namely the defence of Canada and the defence of peace. Nor did any other member of the government discuss this question of defence policy and, more particularly, continental defence policy; neither have we had any such discussion in the house since that time.

It will be recalled that we had hoped—and, indeed, I expressed this hope in the very first question I asked on the opening day of this session—that the question of defence could be submitted to a small committee of this house where it could be examined from the foundation, and where the whole concept and strategy of defence could be considered; where experts could be sent for, and where the kind of discussion which it seems to me the seriousness of the defence situation at this time warrants could have taken place quite irrespective of what may have been the practice in the house in previous years in discussing this subject.

Mr. Diefenbaker: I rise on a point of order. The hon. gentleman is repeating in almost identical terms what he said on a previous occasion. One might almost conclude that he was reading from the same document he used when he was discussing the motion to set up the committee—

Some hon. Members: Order.

Mr. Diefenbaker: I was quite happy for a discussion to take place on the subject matter of the motion for the reason that was given in the motion on this occasion, but I submit that when the adjournment is moved for a given purpose the discussion should be

limited to what is contained in the motion for adjournment which has been moved.

Mr. Speaker: Perhaps I should read to the house the limitations which do exist on a debate of this kind, as set out in standing order No. 26, subsection (6):

(6) The right to move the adjournment of the house for the above purposes is subject to the following restrictions:
(a) not more than one such motion can be made at the same sitting;
(b) not more than one matter can be discussed on the same motion;

I may have been a bit hasty in accepting this proposal as it is because there seem to be two matters raised, first the lack of adequate consultation between Canada and the United States, and second, the decision of the minister to continue unchanged Canadian expenditures on a weapon for which a drastic cut has been proposed in the United States defence budget.

As the matter of consultation is something in the past with respect to this item, I take it that the debate basically is on the decision of the minister to continue unchanged Canadian expenditures on a weapon for which a drastic cut has been proposed in the United States defence budget. That is the one matter which can be discussed on the motion. The standing order goes on to say:

(c) the motion must not revive discussion on a matter which has been discussed in the same session;
(d) the motion must not anticipate a matter which has been previously appointed for consideration by the house, or with reference to which a notice of motion has been previously given and not withdrawn;

Paragraph (e) which states that the motion must not raise a question of privilege is not relevant in this instance, but the succeeding paragraph reads:

(f) the discussion under the motion must not raise any question which, according to the standing orders of the house, can only be debated on a distinct motion under notice.

With those limitations before hon. members the subject to be discussed, I take it, is the decision of the minister to continue unchanged the Canadian expenditures on a weapon for which a drastic cut has been proposed in the United States defence budget.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, if I may say a word on the point of order, I submit with respect that you have already allowed this motion to be presented for discussion, and therefore it is rather difficult now to attempt to limit the discussion on the motion to only one part of it, namely the decision of the minister to continue unchanged Canadian expenditures, when in fact you yourself have said there are two parts to the motion, the first relating to the lack of adequate consultation.

While the lack of adequate consultation is a circumstance surrounding the events of last week, I would suggest to Your Honour that it raises something of fundamental importance, namely whether or not there are facilities that are being used for consultation between Canada and the United States. Even though the allowing of remarks concerning the motion as it now stands would rightly limit the discussion in the house, I suggest that you should allow discussion on the motion as it is framed not just part of it.

Mr. Speaker: Dealing with the point which the hon. member for Assiniboia has made, I am quite content with the view he expresses. The consultation which is referred to in this motion for adjournment, of course, is consultation with respect to this particular weapons program, so in essence what we are discussing is the decision of the government with respect to this particular weapon and the exchange by consultation with the United States with respect to this weapon.

Mr. Pearson: Mr. Speaker, I gather that you have agreed to the discussion of these two matters referred to in the motion. While I realize that normally in a motion of this kind only one subject is put forward, I think it is also stated in Erskine May that if two matters are related to each other, Speakers in the past have permitted a discussion of the two related matters. Therefore I take it I am at liberty to discuss consultation between Canada and the United States in the field of continental defence policy, and also the expenditures on the Bomarc B weapon which is part of our weapons system and as such has a bearing on continental defence policy and on the organization of that continental defence policy. Therefore, Mr. Speaker, I hope to keep my remarks within the limits of these two subjects.

Mr. Speaker: May I say this before the Leader of the Opposition proceeds. A discussion of consultation between Canada and the United States with respect to matters other than the Bomarc, which is the weapon referred to, would seem to me to be beyond the scope of the debate. In that sense there is really only one subject before the house, namely the government's policy with respect to this weapon and the development of that policy in consultation with the United States.

The motion is, of course, a motion to adjourn the house, and its interpretation is related to this document. I expect hon. members will keep to the purpose as we have narrowed it down.

Continental Air Defence Policy

Mr. Pearson: Mr. Speaker, these two questions are related to each other. One has to do with consultation with the United States in respect of this particular weapon as part of our continental air defence, and the other with the expenditure of money on this particular weapon which is a part of our continental weapons system. Those are the two subjects, and in bringing this matter forward I had not anticipated that I would not be able to speak a length a least on the background leading up to this particular consultation and those particular expenditures. Because, Mr. Speaker, the basis of this motion is to be found in the statements made by the Minister of National Defence in this house last Friday at six o'clock, and the bearing of that particular statement, which deals with both those matters, on what the minister had said in this house only a few hours before, on Friday morning.

Consultation, Mr. Speaker, if there was consultation, which took place in regard to this matter it was a form of consultation the results of which had not been made known in any way, shape or form to this parliament while it was going on. This, Mr. Speaker, is surely an indication of the inadequacy of the present position of our defence arrangements with the United States of America. Not only are we to be put in a position where we are to continue to spend money on a weapon which is being discarded by the United States defence services—

Some hon. Members: No.

Mr. Pearkes: Where do you get that?

Mr. Walker: That is not right.

Mr. Speaker: Order.

Mr. Pearson: From the minister's own statement made in this house last Friday I will be able to show conclusively that it is right. The Minister of Public Works interjects and says that is not right. Let the minister get up and explain why the United States government has cut—

Mr. Pearkes: As soon as you sit down I will.

Mr. Pearson: —the appropriation from $430 million to $50 million. If this does not represent a loss of confidence in a particular weapon, what can represent a loss of confidence?

In any event, there is no doubt that so far as consultation is concerned, we have built up over the years a system of consultation between the government in Ottawa and the government in Washington on defence and other matters. I suppose when NORAD was established by this government—a continental defence organization without any real connection with NATO—one of the reasons it was not brought under NATO control in any effective way was, no doubt, that it would help to develop a better system of consultation between Canada and the United States in defence matters by the establishment of this continental defence arrangement which we know as NORAD. Therefore, Mr. Speaker, surely we in this house had some reason to believe that if there were in fact consultations going on between the two governments in regard to continental defence policy concerning this and other weapons, the house would have some information in regard to them, in regard to the decision taken by the government of Canada on this matter.

One of our complaints—and one of the reasons we brought this motion forward at this time, Mr. Speaker—is that if there was such consultation, there has been no suggestion to that end made at any time in this house during this session, in spite of efforts on our part to try to get from spokesmen of the government some statement about national defence, some statement about the results of this consultation, something about what was going on. We could not do that by setting up a committee because the government was not prepared to agree to any committee except one to discuss past expenditures. We have been questioning the minister, up until last Friday, as to what was going on in these consultations if they were being held in respect of this particular weapon which, once the Canadian-produced Arrow was destroyed, was apparently the new weapon on which continental defence policy was based, the Bomarc B, along with continental defence squadrons equipped with CF-100 airplanes.

We have, therefore, these two Canadian elements of continental defence. We have the Bomarc missile and we have the CF-100 interceptor squadrons. The minister himself said in 1957 that the CF-100 was obsolete. The Bomarc, which was to take the place of the Arrow, as the minister has also said on many occasions and which is quite true, will have no value in action against a missile. The minister has also said that missiles are becoming the main threat. He has not been so conclusive about the effectiveness of the Bomarc B against the supersonic bomber with which the Russian air force is now equipped. But its effectiveness, even if it were developed according to plan and operated according to plan, would be very doubtful indeed against even that kind of threat.

The minister has, in the past, stated that these interceptor planes and missiles would be able to engage and perhaps knock down

some enemy bombers. We could not count on too much in that respect. Nevertheless these are the weapons on which we have decided to base our continental defence policy, along with the CF-100's which, according to the minister, were obsolete two years ago. So we have a right to expect that consultation would be going on with the United States in regard to the effectiveness of this missile system and its ground environmental control system, which apparently is also now to be changed, and the possibility of maintaining interceptor squadrons of a type which would be presumably more effective than the CF-100, if such squadrons are to be retained along with the Bomarc in our continental system.

We have not at any time this session been able to get any information of any substantive character on these matters from the minister. We have asked questions; we have tried to bring the matters forward, and we have tried to set up a committee; but we did not learn, until I think it was Friday afternoon, that presumably as a result of consultation, the United States was to issue a statement that the whole basis of continental United States policy was going to be changed.

In the morning, Mr. Speaker, we asked the minister some questions about the reports in the newspapers to the effect that this had been decided. We were told in the morning —this was only a few hours before the minister's statement in the afternoon—that these were merely newspaper reports and we should not worry about them, we should not base any of our statements on reports of that kind. I think the expression the minister used was that they were merely speculative press reports; that remark can be found on page 2446 of *Hansard*. Yet we have learned since that on the day before, on Thursday of last week, the executive part of the government of the United States, presumably the defence department, had recommended to the appropriations committee of the United States house of representatives a transfer of funds which were to have been devoted to the production of these weapons to be used for other purposes which would increase the deterrent strength of continental defence, perhaps at the sacrifice of the more conventional points of defence.

This was confirmed by the minister himself in the statement which he gave to the house on Friday afternoon at six o'clock. I read from his statement:

> The proposed transfer of funds was submitted in classified detail to the house appropriations committee in executive session on March 24, 1960.

Surely, Mr. Speaker, if that statement was made to the United States house committee on Thursday, March 24, the minister must have known about it if there was anything approaching adequate consultation. This must have been going on for weeks, and surely the minister must have known that the United States government had come to its own conclusions in regard to continental air defence, which conclusions were bound to have had an important effect on Canadian defence, if there is any such thing as Canadian defence apart from the defence of peace and the defence of the continent. Yet we got no reply from the minister in respect to questions we asked on this subject last week.

Now, on this question of consultation, this is what is included in the statement read by the minister on Friday night at six o'clock and this is the last paragraph of the statement:

> Included in the revised air defence budget are provisions for SAGE direction and control in Canada. The Canadian Minister of National Defence has been kept fully informed throughout development of the air force's modified air defence plan.

Well, Mr. Speaker, there is a great deal of difference between the United States keeping a minister in the Canadian government informed about what is being done in regard to continental air defence, and consulting with the Canadian government in respect of joint continental air defence in a way which would make it possible for the Canadian government to express some views and to have some weight. If the latter kind of consultation were going on it is surprising indeed, in view of what the minister had to say on Friday morning, that at six o'clock that evening he could give a statement of this kind in the House of Commons. Indeed, one of the most surprising things of this whole surprising episode is the fact that this is a statement from the Canadian Minister of National Defence given in the Canadian House of Commons on a matter which affects Canadian defence policy, and it is headed "Statement being issued by the United States Department of Defence".

This leads us to suspect, Mr. Speaker, to say the least the adequacy of the consultation that has been going on in this matter, which is an unhappy reflection on the relationships between the two governments in a matter of such very great importance to Canada. So we ask the minister, why this snap decision on the part of the government made between Friday morning and Friday evening on a matter of such vital importance? If this decision—

Mr. Pearkes: May I ask the Leader of the Opposition to what decision he is referring as being made between the morning and the evening of last Friday?

Continental Air Defence Policy

Mr. Pearson: The decision made is obviously embodied in the United States statement which the minister gave Friday evening at six o'clock. When we questioned him in the morning about a change in defence policy he said there was no such change and that press reports to that effect were speculative; I think that is the word he used. If a change was to be made in Canadian defence policy, why is it that the minister was not able to make a statement to that effect in the House of Commons on Friday morning, but had to wait until word presumably came from Washington that they were going to make a statement there and then read the United States statement in this House of Commons?

Mr. Pearkes: I wonder if I might answer that question right now. As was stated in the press itself, this was a leak from a meeting of a subcommittee of a committee on appropriations which was being held in camera. Does the Leader of the Opposition think I could hold up my head as an honourable member of this government and disclose a leak or disclose of information which I knew about? I was not going to confirm or otherwise a leak from a secret or in camera meeting.

Mr. Pearson: If any such leak occurred, and perhaps it did—

Mr. Pearkes: I have said so. The Leader of the Opposition must accept my statement.

Mr. Pearson: I accept the minister's statement that a leak occurred in congress because the government of the United States was telling a congressional committee about the changes that were going to take place in continental air defence. But no single member of this parliament who was not a member of the government had any indication at any time in the last month that the Canadian government was even considering such a fundamental change in defence policy.

Mr. Fleming (Eglinton): What change?

Mr. Pearson: While discussion of defence policy was going on in Washington and while the minister now indicates that exchanges were going on between Canada and the United States in respect of it, we were unable to get one single word on defence policy from the minister at any time in the last two months. Indeed, Mr. Speaker, there was nothing to leak in this House of Commons because nothing was said either in public or in private.

An hon. Member: That is why there was no leak.

[Mr. Pearkes.]

Mr. Pearson: That is the kind of consultation we have been having. I remember the Prime Minister, a couple of years ago in talking about the improvement in the relations between Canada and the United States, saying that everything was lovely now in the garden of Canadian-United States relations; he was tending the flower so carefully now that everything was fine. This statement does not indicate that this kind of consultation of which the Prime Minister was so proud a couple of years ago is really being very effective in so far as Canada is concerned, in the matter of national defence policy.

What has been the result of the United States decision, which presumably has been agreed to by the Canadian government? I now move on to the subject of the Bomarc B weapon itself, Mr. Speaker. The United States has presumably decided that the deterrent strength of the country—we are not subscribing to that deterrent strength except in an indirect way in Canada, it is the deterrent strength of the United States—should be increased. The minister's statement makes that matter quite clear, or rather the United States statement read by the minister makes that matter quite clear. It is to be increased, if necessary, at the expense of the strictly defence aspects of defence. I am not going to quarrel with that decision on the part of the United States authorities in which perhaps the Canadian authorities have concurred. It may well be that the best defence of peace at the present time is the strengthening of the deterrent. Perhaps the only defence of peace we have at the present time is the certainty on the part of those who might break the peace that, if they do so, they will be destroyed.

In any event, as the statement read by the minister makes quite clear, that is now to be the basis of continental defence policy in so far as it is determined by the United States, that a greater share of their resources is to be devoted to the deterrent strength of that country, and that the money and resources required for this increase of deterrent strength is to be taken from the project known as Bomarc B.

If anyone on the other side of the house thinks this does not represent a change in United States policy in respect of the Bomarc B, all they have to do is read the statement from the minister and the statements that are coming out of the United States at the present time. There is no doubt in the world that in this change the United States government is down-grading the Bomarc B. How otherwise can you explain a slash from $421 million for defence to $50 million? I know the minister has been saying—and indeed

it is quite correct—that funds are available from previous appropriations which will enable more than $50 million to be spent on this project. But the fact remains that in so far as the United States is concerned, the $421 million appropriated is to be reduced to $50 million. The down-grading of this weapon appears in practically every line of the statement read by the minister last Friday.

Yet to add to our confusion, and to add to the kind of anxiety that is being shown in the country, in practically every editorial I have read this morning which has commented on events over the weekend—I refer to the *Globe and Mail*, the *Gazette* and other papers; and in order to prove this confusion and uncertainty in people's minds, may I recall that yesterday, outside of this house and on a television program, the minister went to some pains to show that this did not represent any great change in the policy of the United States government in respect of this particular weapon.

I have not the text of what he said. I tried to get it, but I understand he was speaking merely from notes. However, I think the minister will agree that he said yesterday on the air—and this is in striking contrast to the impression created by his statement on Friday—that the change in the United States Bomarc program as the result of this statement made on Friday would not be very substantial, that there would still be 12 Bomarc squadrons left plus two Canadian squadrons, which would make 14 squadrons. If in fact that is the situation now, that is a very minor change. But that is certainly not what this particular statement says. How can the minister justify a statement of that kind, that we are still going to have 14 Bomarc squadrons in spite of the changes in Washington, including two Canadian Bomarc squadrons the missiles for which would be paid for by the United States?

Mr. Diefenbaker: Will the hon. gentleman permit a question?

Mr. Pearson: Yes.

Mr. Diefenbaker: If these figures are correct, that there will be 12 Bomarc squadrons in the United States and two Bomarc squadrons in Canada, would the small reduction that is being made be understood by the minister as a proper one and not a major change of policy?

Mr. Pearson: If that is in fact the situation, we have more cause than ever to criticize the minister for the statement he made last Friday.

Mr. Fleming (Eglinton): The Leader of the Opposition is running away from the question.

Mr. Pearson: I will come to the question in the next point, and it is a very easy question to answer. If that in fact is the situation, will the minister explain the reduction of $421 million to $50 million to be spent on these Bomarc squadrons? The minister himself on March 7, 1960 as reported at page 1789 of *Hansard*, had this to say when he told us we were losing our sense of proportion because we were worried about what was happening in the field of national defence, and especially in respect of this particular weapon which had been tried seven times and seven times found wanting.

Mr. Bigg: So what?

Mr. Pearson: "So what", says someone on this side. How many times does it have to fail before this government will give up on it?

Mr. Walker: May I ask a question?

Some hon. Members: No.

Mr. Walker: Did the Leader of the Opposition appreciate that the Bomarc A had 80 failures before it finally succeeded?

Mr. Pearson: Of course I appreciate that. I have been told that enough times in this house; and I have also been told that the Bomarc A was not adequate for the job we have to do, that we need the Bomarc B. If the Bomarc A was such a fine weapon and had so many successes after 80 failures, why do we not arm our forces with the Bomarc A instead of the Bomarc B? We are now discussing the Bomarc B, which the minister has said is to be the basic missile weapon for the Canadian air force, even though it has failed seven times in a row. These are just growing pains apparently, these failures.

Mr. Fleming (Eglinton): Will the hon. gentleman answer the Prime Minister's question?

Mr. Pearson: When we discussed this matter we were told that we were losing all sense of proportion.

Mr. Fleming (Eglinton): Mr. Speaker—

Mr. Speaker: Order. Unless the hon. member who has the floor wishes—

Mr. Fleming (Eglinton): I just wished to ask him to answer the Prime Minister's question.

Mr. Pearson: I would be glad to. Here is what the minister said with regard to

this matter, as reported on page 1789 of *Hansard* for March 7:

> I might mention that the United States, in this fiscal year, is spending $421.5 million for the development of Bomarc sites across this continent, of which there are 18 interlocking sites. Two of these will be constructed in Canada.

The minister told us on March 7 that the United States is going to spend $421.5 million on 18 Bomarc B sites, including two in Canada. He tells us now that the $421.5 million has been reduced to $50 million; and then he tells people of this country over the air that $50 million will do the work in respect of 14 stations, when he said on March 7 that $421 million would be required for 18 stations. Perhaps the minister can explain that; perhaps he will answer it now. Are there to be 14 Bomarc B stations constructed by the United States and Canada costing $421.5 million this year?

Mr. Speaker, that was the impression he had been giving us, and up until Friday last we had assumed that was quite correct and there was no change. Then suddenly this statement is issued by the United States which said, "we are going to cut this expenditure". Some of the people in the Boeing aircraft company have gone much further even than the statement in regard to the cut. But the minister having given that impression to the country, he tells us now there will be a great change in the whole Bomarc program. Indeed, he said outside the house on Friday that if the current development of the Bomarc did not succeed, it would be out completely. That is from a report in the Montreal *Star*. Then on Sunday he said that the changes are very minor, not substantial, and we will have 14 instead of presumably 18 Bomarc B squadrons.

Mr. Speaker, the minister then wonders why there is confusion and uncertainty in the country over our national defence policy. A Washington report of last Saturday quotes an official of the Boeing aircraft company as saying that the reduced funds for all these missiles made by the Boeing aircraft company will permit no major production at all, but will be used only to continue research.

Mr. Diefenbaker: From what is the hon. gentleman reading?

Mr. Pearson: From a press statement from Washington attributing a report to a high official of the Boeing aircraft company.

Mr. Diefenbaker: What is the newspaper?

Mr. Pearson: I have not got it before me—

Mr. Diefenbaker: Ah.

Mr. Pearson: —but the Prime Minister does not have to believe me if he does not want to. I make this statement on my own responsibility as an hon. member, and that should be good enough for the Prime Minister. As a matter of fact it would not be very difficult for me to get the clipping, because there are a lot of others to the same effect.

The fact is that unless the minister can give us evidence to the contrary, this $50 million will probably serve the same purpose as the $50 million the Prime Minister talked so much about when the Arrow was scrapped. It will liquidate the operation. Perhaps this $50 million may serve as a sort of funeral expense for the Bomarc B weapon in the United States and Canada. The minister will have something to say about that later, no doubt; but whatever the fact is on that score, he cannot deny the fact that the United States is moving away from this weapon. I said last Friday that they are changing their kite, but that the same old Canadian tail of the Bomarc B will be used.

Mr. Speaker, at a time when this whole weapon, this whole concept of continental defence, is under review by the United States, how can the minister justify carrying on without a change in Canada in exactly the same way? We are going to build two Bomarc sites and continue our nine continental defence squadrons. We do not know whether we are going to equip them with CF-100's much longer or whether we are going to get new United States planes at great expense. We do not know whether there is going to be brought in perhaps some new kind of army missile. We do not know anything about it except what the minister has vouchsafed to tell us occasionally in answer to questions, some of which had later to be contradicted by the development of events. Never was that confusion worse confounded than it was last week. Therefore perhaps when the minister speaks in this discussion he will try to remove some of this uncertainty—and that is a mild word indeed to use—with regard to the use of this particular weapon as the basic missile for the Royal Canadian Air Force at a time when it is being dropped by the United States, so far as the reduction of expenditure from $421.5 million to $50 million indicates it is being dropped.

Perhaps the minister will also tell us whether he is satisfied with the kind of consultation he has had on this matter, and on other defence matters related to it, with the United States. There is nothing much more important that we could be discussing in this house than this question of defence, Mr. Speaker, and there is no more important aspect of defence policy than that of continental defence. The government has taken its stand; continental defence should be

worked out by joint arrangement with the United States through a joint committee called NORAD, rather than having it worked out on a broad collective basis through NATO.

Mr. Speaker, I submit that the government has therefore to justify its concept of continental defence. It has to justify the expenditure of hundreds of million of dollars on weapons which are of no use whatever against missiles, and which are of very little use whatever against supersonic bombers. Of what use are they? When one of these weapons, the basic Bomarc B, is tried and found wanting in the United States, and that fact is recognized by the United States through a reduction of the appropriation for that weapon from $421.5 million to $50 million, then let the government justify expenditures on that weapon in Canada to the amount of $125 million, which the minister says will be the Canadian cost of the installation of two Bomarc squadrons in this country.

Mr. Pearkes: Mr. Speaker, I would like to ask a question, if I may.

Mr. Speaker: If the minister speaks now he will be speaking in the debate.

Mr. Pearkes: Then I will wait.

Mr. Pearson: If the minister has a question I think he should be permitted to ask it.

Mr. Pearkes: I would like to know whether the Leader of the Opposition could give me the quote where I said that $125 million was being spent on these two Bomarc stations. I have stood up in this house at least three times during this session and said that the total Canadian expenditure on these two Bomarc stations is approximately $15 million, yet the hon. gentleman stands up again and again and repeats $125 million. He knows he is not speaking the truth.

Mr. Speaker: I am sorry, but as I understood the minister who has just taken his seat—I hope I did not understand him correctly—the import of what he said was such that I hope he will reconsider it before *Hansard* is allowed to go further.

Mr. Pearson: Mr. Speaker, the minister said that I know I am not telling the truth in using that figure. Let the minister prove that. I know what the minister said. He has said more than once—

Some hon. Members: Where?

Mr. Pearson: In the house and outside, and we will be glad to quote him before the debate is over. But the minister—

Mr. Speaker: Order. The Leader of the Opposition is preventing me from fighting his battle, and I do not wish to enter into unnecessary difficulties. The Minister of National Defence has in effect accused the Leader of the Opposition of deliberately misstating the facts. He will recall, from his long experience in parliament, that no hon. member, when he has reflected on a statement of this kind which he has inadvertently made, would allow it to stand, and I trust he will modify it immediately.

Mr. Pearkes: The figures I have quoted continually in this house are $15 million. When this first proposal to include the Bomarc was introduced I pointed out that the Canadian content of these stations would amount to approximately $20 million. Then, after a review had been made, I explained to the house that the amount of the two Bomarc stations was approximately $15 million. I know the Leader of the Opposition was in his seat on both those occasions—

Some hon. Members: Order.

Mr. Speaker: I think the minister misunderstands me. I am not concerned about the truth of what he said; what I am concerned about is the propriety of his statement. If an hon. member on one side of the house were allowed to say of another member that he had deliberately misstated the truth, we should lose all the respect we have for each other and debate would not be possible.

Mr. Pearkes: I am quite prepared to change "deliberately" to "inadvertently".

Mr. Pearson: I am glad the minister has made that withdrawal, and we shall be very glad to show before the debate ends exactly what the figures are, from the minister's own sources.

Mr. Hazen Argue (Assiniboia): I am pleased to see that the Minister of National Defence and the Leader of the Opposition are once again on friendly terms in the house, even though they are not entirely in agreement as to the policy which is being followed by the government.

The motion moved this afternoon by the Leader of the Opposition asks for the adjournment of the house—

> —for the purpose of discussing a definite matter of urgent public importance, namely the lack of adequate consultation between Canada and the United States, as revealed in statements made by the Minister of National Defence on and since Friday last, on the basic change made by the government of the United States in continental air defence policy, together with the decision of the minister to continue unchanged Canadian expenditures on a weapon for which a drastic cut has been proposed in the United States defence budget.

I think there is substantial evidence to support the contention that there is a lack of adequate consultation between Canada and

the United States. I think the minister himself, in his statement to the house on Friday last in reply to a series of questions, indicated clearly that there is inadequate consultation. As a matter of fact, from the minister's own statement it would seem clear that although he knew something was brewing in the United States, that some inquiry was being made and that some changes might well be made in defence policy, he had no idea that a sweeping change of the magnitude mentioned in the statement he made a few hours later was under contemplation. I say this because the Minister of National Defence had this to say in reply to the initial question put to him by the hon. member for Trinity (Mr. Hellyer). The hon. gentleman said:

> Mr. Speaker, Canada has been consistently consulted regarding a possible revision of the joint air defence plan which might be adopted in order that the development of defence and warning against ballistic missiles might be accelerated.

There are so many qualifications—so many "mights" and so many "possibly's"—in that statement by the minister that it seems to me he did not expect such sweeping changes to take place. The minister's defence, the minister's reply, is that he could not reveal to the house the discussions which were taking place because they were in camera. I would not ask the Minister of National Defence to reveal to the Canadian parliament matters which were before a United States committee in camera, but I do think the minister could have been more forthright with the Canadian parliament and public in the last few months by pointing out that there was every possibility of major changes being made in the defence policy of the United States and, as a result, in the defence arrangements between the two countries.

Instead, the people of Canada have been given no inkling that these sweeping changes might take place. They have been led to believe by the minister's statements that if reliance were placed on the Bomarc missile, the greatest defence possible would be achieved. I think it is disturbing that we should have been able to obtain fuller reports over the radio, a few hours before the questions were put to the minister, than were disclosed to this house; or that people in New York, for example, who read the New York *Times* should have been in a position to read a story in the issue of Friday, March 25, under a Washington date line of March 24, setting out very clearly the precise proposals which were made to the United States congress.

I repeat that what concerns me most is not the fact that the Canadian government did not disclose secret negotiations, but that it never took parliament or the Canadian people into its confidence even to the point of saying that there were very serious matters under consideration in the United States in connection with this whole defence concept which might very soon lead to a drastic change in our own defence plans.

Mr. Spencer: And also tell our potential enemies that.

Mr. Argue: Well, I suppose our potential enemies have access to the New York *Times* and probably learn some of the statements which are made on the radio from time to time, although it is impossible for a member of parliament to get from our Minister of National Defence a frank appraisal of the defence situation on this continent and the consultations on defence which are taking place.

For some time the C.C.F. party has questioned the effectiveness of the Bomarc B even at the operational stage as an adequate or worth-while object of expenditure for the defence of this country. Let me hasten to say that we are most anxious that in every respect our way of life—the democratic foundations of this nation—shall be given the fullest protection. But we think it is not protection, and it is not defence, to be spending vast sums of money on weapons which afford little if anything by way of protection. The Bomarc B is a weapon against manned bombers, as I understand it. I do not think there is any military expert here who does not believe that in the case of an all-out Soviet attack by say 1,000 manned bombers, 500 or at least a large proportion of the attacking force would succeed in getting through. Certainly enough would get through to wipe out our civilization as we know it. The protection of this country comes not from a potential number of potentially operative weapons that could wipe out perhaps only a minor percentage of attacking bombers equipped with atomic weapons; rather the protection of this continent comes from the availability of a deterrent, a counter-offensive being undertaken that would wipe out the nation foolish enough to make an attack on this continent.

That is the pith and substance of the United States statement that was read in this house. The United States have decided that there should be a tremendous reduction in their expenditures on the Bomarc, from $421 million to $50 million, in order to concentrate on the development of a deterrent, the ICBM's and IRBM's. We think this is the only military protection there can be for us and for the western world at this time, namely a mutual deterrent.

These are not ideas that are being advanced for the first time today. I made a "Nation's Business" broadcast on January 22 in which I had this to say:

> The Bomarc missile on which Canada will spend hundreds of millions of dollars is already obsolete and a waste of the taxpayers' money. The Bomarc, even with nuclear warheads, would not shoot down enough Soviet planes in the event of an attack to prevent the total destruction of the country. In other words, enough Soviet planes would always get through in a single attack to wipe us all out. This shows that when even dealing with air-breathing aircraft, the Bomarc is absolutely a waste of money from beginning to end.

Canadian defence policy apparently remains unaltered in view of all the substantial changes. We feel that these expenditures are not adding to the defence of Canada. The hon. member for Vancouver East (Mr. Winch) at the beginning of this session placed on the order paper a resolution which outlined in some detail the attitude and policy of the C.C.F. with respect to general defence. We feel that recent developments have underlined the correctness of the position we took at that time.

On Friday I said that one of the disturbing aspects of this controversy is something that seems obvious. Canada is not only a junior partner in the common defence of this continent but is not an effective partner, even in terms of adequate consultation. Canada's voice, if in fact it is raised, does not get the ear of Washington. When questioned in the house hon. members opposite do not take us into their confidence to the point of informing us of general discussions and the trend of military thought in the United States.

We have the degrading picture of the Minister of National Defence standing up in the house, after repeating his faith in the Bomarc, and reading a statement which was entitled, "Statement Being Issued by the United States Department of Defence." This obviously was not a joint statement, but something phoned or wired to the minister for him to read in the Canadian House of Commons. That is not good enough for Canada or for parliament. We think the Minister of National Defence should not be merely a messenger boy of the United States defence department, but should put forward Canada's position in the strongest possible terms, and he should take parliament into his confidence.

When party spokesmen in this house engage in sweeping condemnations of Canada's defence policy it behooves them on behalf of their party to offer something in its place. It is clear from what has been said by spokesmen of the Liberal party that they consider the Bomarc a waste of money. What is not clear, however, is what the official opposition put forward as an alternative. Yesterday I heard the hon. member for Trinity speaking on a television broadcast. When asked if he believed there should be a reduction in defence expenditures the hon. member said no. He said there should be more expenditure on defence.

Mr. Pearson: No.

Mr. Argue: That was what I heard him say. No doubt the transcript can be produced. I understood him to say that if we would put half of our unemployed to work it would so increase the gross national product of the country that part of the increase could be channelled into defence expenditures.

I am completely opposed to increases in defence expenditures, and so are members of this group. We think we are already spending too much money in the defence department, and it is not providing adequate or worth-while defence. We think there should be a change in emphasis. There are encouraging signs in the world that a disarmament agreement may not be far away. An agreement may be reached with respect to the suspension of nuclear tests, and some measure of control may be agreed to.

These are the hopeful signs. Here is the place for the greatest possible emphasis. We suggest there should be a transfer of Canada's resources from the moneys now spent on defence to the provision of economic assistance to underdeveloped countries, and to the emerging new countries and states of the world.

Mr. Smith (Calgary South): Mr. Speaker, would the hon. member permit a question. Does the hon. member take the position that he would disband all forces?

Mr. Argue: No, I would not be prepared to disband all forces. That is a very good question. I think there should be a steady and substantial reduction in our defence expenditures.

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, on a point of order—

Mr. Argue: I am answering a question.

Mr. Speaker: The hon. member is rising on a point of order.

Mr. Hamilton (Notre Dame de Grace): On a point of order, Mr. Speaker, the motion as presented by the Leader of the Opposition deals specifically with the question of the Bomarc missile, the government's action in connection therewith and certain relations between the Canadian and United States governments. We have now proceeded from the question asked by the hon. member for Calgary South (Mr. Smith) a moment ago to the discussion of another program proposed

by the hon. member who is speaking. I suggest to you, sir, that nothing that is now being discussed has anything to do with the Bomarc missile. Indeed, it suggests putting our resources in another field entirely, and is completely out of order.

Mr. Pearson: On the point of order, if I follow it correctly, I was limited by your decision, Mr. Speaker—I do not quarrel with it—to these two matters. If there had been any other decision I would have been prepared to discuss alternative basic defence proposals on that basis.

Mr. Argue: Before you make your ruling, Mr. Speaker, I wish to point out that I was answering a question put to me by the very distinguished member for Calgary South. I thought it was a very good question, and I was endeavouring to give an adequate answer. I have merely given him my first point in the answer I would like to make.

Mr. Speaker: If the hon. member was led astray by the member for Calgary South he will probably have to find his way back, because on this motion he cannot discuss any question which, according to the standing orders of this house, can only be debated under a distinct motion after notice has been given. In other words, the introduction of other matters goes beyond the scope of the debate.

Mr. Argue: I appreciate that very much. What I shall try to do, however, is relate my remarks to the last part of the motion, which says:

> —together with the decision of the minister to continue unchanged Canadian expenditures on a weapon for which a drastic cut hase been proposed in the United States defence budget.

I support this criticism of the government in continuing unchanged Canadian expenditures on a weapon for which a drastic cut has been proposed in the United States budget, and I submit that ways and means of spending the money which would be released by such a change is in order on the motion because, Mr. Speaker, it would be a rather inconsequential debate if all we could do is criticize the government for having gone forward with those expenditures and have the Minister of National Defence or the Prime Minister, who does this kind of thing so well, say to us "Well, fine; you have criticized what we are doing, but what would you do? What would you do with this money?" I was endeavouring to say that we would change the emphasis from expenditure on a weapon such as the Bomarc B missile to the use of the money to assist underdeveloped countries, and some of the new emerging nations.

[Mr. Hamilton (Notre Dame de Grace).]

There is another way, Mr. Speaker, a military way if you like we would use the money. We feel that such expenditures could be used for the provision and maintenance of a Canadian defence force which would be available to the United Nations upon request.

Mr. Speaker: Order. I am sorry to interfere with the hon. member's progress in this debate, but I do not comprehend this motion as opening the door for a general proposal with respect to defence. The matter of urgency arises out of the statement of the Minister of National Defence and apparently a change in approach to Canadian defence weapons by our allies in the United States.

Mr. Argue: Mr. Speaker, if I can get back to a directly negative approach, which apparently is what is required—

Some hon. Members: Order.

Mr. Grafftey: A reflection on the Chair.

Mr. Walker: How about some wheat?

Mr. Argue: There is only one Speaker in the chair. If that is a reflection on Your Honour, I withdraw it. I see there are a great many budding speakers at the far end of the chamber whose main contribution to debate in recent days has been to object to what other members who have the floor are saying.

Mr. Grafftey: You are always out of order.

Mr. Argue: We are critical of the money that is being spent on the Bomarc because we feel that it is an inadequate weapon; that by developing the Bomarc we merely pretend that we have a weapon that can protect Canada in the event of war when in fact no such protection does exist. We object to the Bomarc being stationed on Canadian soil because of our understanding from the government that it is to be equipped with nuclear warheads. We think it is a mistake for the area of the world in which nuclear warheads may be stationed to be increased at this time. We do not think the Bomarc itself provides adequate defence, and we object to it further on the ground that, if the present procedure is followed, it will be equipped with nuclear warheads.

We are convinced, Mr. Speaker, that the government's defence policy is in the wrong direction. We think the policy of the Canadian government has been dealt a serious and crippling blow by this new announcement coming from Washington. Rather than the Minister of National Defence trying to protect the government in pursuing a dead duck, we think the government would be far better advised to re-examine its defence

policy, to take the shackles off the defence committee which prevent it from making recommendations, and to allow a full and unfettered discussion not only on the floor of the House of Commons but in any defence committee that is established.

Mr. Speaker: Is the hon. member for Victoria-Carleton rising on a point of order?

Mr. Montgomery: On a question of privilege, Mr. Speaker, the hon. member is deliberately refusing to follow the ruling of the Chair. The Leader of the Opposition started it, but he did not pursue the subject.

Mr. Speaker: The hon. member has a point. The hon. member who has the floor was beginning to discuss the question of a reference to a committee of the house, which is not involved in this debate.

Mr. Argue: I was saying that in my view, in spite of the government clinging unrepentant to this dead duck, to this inoperative and obsolete weapon, it would be far better advised to re-examine its policy and see that the $1,600 million spent in the Department of National Defence is spent in such a way as to give Canada its maximum of defence. In our view this can only come about if the government abandons its faith in the Bomarc missile and spends this money on other more useful purposes.

Mr. Pearson: Mr. Speaker, I rise on a question of privilege. This is the first opportunity I have had to reply to the statement of the Minister of National Defence that I inadvertently stated an untruth in my reference to the cost of the Bomarc project. I would like to give the authority for my statement.

Mr. Speaker: I am sorry; that is not a question of privilege. I took exception to the accusation, which was a reflection on the conduct of the hon. member. I do not think it is necessary either to justify or to deal with how the matter arose because, as I understand it, the minister has withdrawn his charge that there was a deliberate misstatement of fact.

Mr. Pearson: Yes, but he repeated that I had inadvertently stated an untruth. I would like to clear that point up, if I have your permission, just by quoting from *Hansard*.

Mr. Speaker: I am not satisfied that the Leader of the Opposition is pursuing the right course in doing this. After all, it is a matter of the parliamentary proprieties and when the minister revised his statement it seems to me that if the Leader of the Opposition was not satisfied with the revision he should have said so. I took it he was satisfied with the alteration that was made.

Mr. Pearson: I was satisfied, of course, when the minister withdrew his original statement and put the word "inadvertently," before the word "untrue". However, I did not have my sources in front of me at that moment, as I have now, and I should like to quote from the sources of the statement I made.

Mr. Speaker: I think there could be a matter of personal privilege there, if the hon. member wishes to make an explanation as a matter of privilege.

Mr. Pearson: That is what I hoped you would give me permission to do. On page 927 of *Hansard*, February 10, 1960, under the words "National Defence", there is this heading: "Bomarc Missile—Inquiry as to Over-all Cost of Program". The answer to the question addressed on that matter by the hon. member for Trinity (Mr. Hellyer) is given by the Minister of National Defence as follows on page 928:

> On July 2 in the same connection I mentioned that the total estimated cost was $125 million, covering two Bomarc stations, SAGE and the gap fillers and so forth. That is a realistic estimate—

I was talking about the Bomarc program and the minister will agree that the Bomarc program includes SAGE because the Bomarc is of no value without SAGE.

Mr. Pearkes: On this question of privilege, may I point out that the Leader of the Opposition has just shown how inaccurate the statement that he made was. He has read a statement that this includes gap fillers, SAGE and other points. There may be a heading on that, which I did not write, regarding the Bomarc.

In reply, too, I should like to call his attention to a statement which was given in the white paper in which it shows very clearly what the cost is:

> Under the cost-sharing arrangements with the United States covering the construction of additional radar sites and gap fillers for the Pinetree system and the introduction of Bomarc missiles and SAGE electronic control equipment, the construction of bases and the provision of unit equipment, estimated at approximately one third of the total cost, will be provided by Canada. The estimated cost of the items to be provided by Canada is approximately $125 million of which $10 million is included in the 1959-60 estimates.

I should like to refer to other references which have been made in this house. In *Hansard*, July 2, 1959, page 5354, there is a reference to the fact that there is $125 million for SAGE, et cetera, of which $20 million is for Bomarc. At page 919 of *Hansard* of February 10, 1960 I referred to the fact that $15 million is required for the two Bomarc stations and at that time there was some $393,000 spent. Then in *Hansard* of March 6, 1960, page 1789, I refer again to the $15 million to be spent on these projects, that is

the two Bomarc stations, of which approximately $300,000 has already been spent.

You cannot say that SAGE is required solely for Bomarc. SAGE is required to control all interceptors which may be operating over Canada. The gap fillers are separate from the Bomarc, as are the extra heavy radars which are to be installed in western Canada. I think I have made it clear that $15 million is the total Canadian expense for these two bases.

Mr. Pearson: I just refer again to the heading in *Hansard* from which I drew my information, "Bomarc Missile—Inquiry as to Over-all Cost of Program".

Mr. Speaker: Does the minister wish to take part in the debate now?

Mr. Pearkes: Yes.

Mr. Martin (Essex East): If the minister speaks now, is it the understanding that he will close the debate, Mr. Speaker?

Mr. Speaker: No.

Hon. G. R. Pearkes (Minister of National Defence): I think I should speak at this time because a number of points have been raised which must be cleared up otherwise they will give a very false impression to the people of this country. I have endeavoured to take down rough notes of what has been said. I cannot be quite certain that I have written word for word every point that has been raised.

The first part of this motion deals with the means of consultation that there are between Canada and the defence department of the United States. There are many means, and there is frequent consultation. I should like to run over the general means of consultation, and I want to try to give some idea of the amount of co-operation that there is between Canada and the United States. First of all, shortly after the change of government, this government established the NORAD organization. This was to ensure that there could be frequent consultation between those who are responsible for the defence of this continent. The defence of the North American continent is indivisible. You cannot develop a separate defence for Canada and a separate defence for the United States.

Experience over the last half century has shown that those countries which tried to stand alone were very quickly swallowed up by aggressors. It is only by taking co-operative action prior to the outbreak of war that you can ensure that there will be a proper combined defensive organization set up. I believe that the experience of the past 50 years has shown that had such a defensive agreement been reached in the earlier part of this century, and had it been known that the commonwealth or the United States would enter world war I and world war II, it is quite possible there might not have been any such wars at all. Our fundamental policy, therefore, being that of a deterrent against war, we entered into this North American defence organization which is known as NORAD.

We have at NORAD not only the deputy commander but quite a large number of staff officers who are integrated into the command. If not at the moment, then recently, there has been a Canadian head of the operational division. They are in constant touch with the plans which are being projected for the defence of this North American continent. This organization was set up by this government and we have insurance, in that way, of consultation between the commanders, because the commander at NORAD is every bit as much a Canadian commander as he is a United States commander. He has visited Ottawa frequently and has laid his plans before our chiefs of staff who have had every opportunity to examine those plans and have sent back their comments on those plans. Those comments, to my knowledge, have resulted in modifications of the original plan. That is one level of consultation.

We also have at Washington a considerable staff of officers who are in daily contact with their opposite numbers in the Pentagon. Actually there are today some 60 Canadian officers of the army, the navy and the air force who are sitting in daily on various committees at the Pentagon and from the senior officer—who is Air Vice Marshal Hendrick —right down through that group of officers, they are in daily consultation. They keep the chiefs of staff here in Ottawa advised by letter, telegram and telephone. There is hardly a day but what the chiefs of staff are advised as to the plans which are formulated or which are being developed jointly by the Canadian and the United States officers for the defence of this continent.

Then again, a year or so ago, this government set up a committee of cabinet ministers to confer with their opposite numbers in the United States. The late Mr. Sidney Smith, then secretary of state for external affairs, was the first secretary of state for external affairs to attend a meeting of that committee which at that time was held in Paris. We now have the Secretary of State for External Affairs (Mr. Green), the Minister of Finance (Mr. Fleming), myself and the Minister of Defence Production (Mr. O'Hurley). The last meeting was held last fall at Camp David.

If there is any question at all about that meeting being a meeting of consultation, I should like to emphasize the fact that there was no long table at which we sat down with minutes and paper before us. However, we sat around in an informal group and we had the most intimate discussion on all defence matters. That meeting was attended by advisers. The chairman of the Canadian chiefs of staff committee, namely General Foulkes, was there as was General Twining, the chairman of the United States general staff, and Mr. Gates who was then assistant secretary of defence and now is secretary of defence in the United States. We were also represented by other officials than those of the Department of National Defence. The Department of External Affairs was represented there by its officials. Officials of the Department of Finance were there as were officials of the Department of Defence Production.

At that meeting one of the decisions arrived at was that there should be meetings of the committee of consultation which had not met for some long time previously. However, we thought that if we could revive this committee of consultation consisting of the senior officers of the various departments it could do a great deal of preliminary work prior to meetings of the ministers. A date has already been set early this summer for the next meeting of this committee of ministers. They are to come to Canada this time where there will be every opportunity again of having a thorough discussion of these defence matters at the very top level. It has been decided that there will be two meetings a year of the ministers in the two countries. I suggest that is top level consultation.

In connection with the particular matters to which reference has been made may I say that for weeks I have been familiar with some of the various proposals which were being advanced by the United States joint chiefs of staff, by their air force, turned over and discussed again with the commander at NORAD; and, because he is a Canadian commander as well as a United States commander, those recommendations advanced or the various proposed schemes which were being worked out were referred to us.

As recently as last Saturday week I was talking at some length to the secretary of defence for the United States, namely Mr. Gates, who called me—I did not call him—on the long distance telephone in order to explain to me in detail various proposals. He was leaving the next day in order to go to Germany and he said, "I want to get your views on these matters before I leave for Germany". That was last Saturday week. Since then I have had conversations over the long distance telephone. I have had letters from Mr. Douglas who is assistant secretary of defence and who has been in Washington all this last week end. I had a full report of what the proposals to this subcommittee were. I knew that discussions were going on. I also knew that they had leaked out.

These are tentative proposals. This is a plan which has been formed and recommended to a subcommittee of the committee of representatives in the United States. It is not a fixed plan. It is not one which has yet been accepted by congress. It is not in its final form. At least, the committee has not had the opportunity of hearing General Kuter the commander in chief at NORAD on the final proposals or he has not been able to give his evidence before the subcommittee. It will be a long time before this plan is finally approved. It must go to the committee on appropriations. It must go to congress. Congress may make radical changes in this proposed plan. It is a tentative plan.

When I rose in my place here on Friday all I could say—and all that any honourable man could say—was that this was a speculative story. It had leaked out but not from here. Some astute press man whose job it is to get information, and all of it he can get by whatever means he can get it, had somehow or other obtained the information. I was advised from Washington that there had been a leak. But I was not going to do what I consider would be a distinctly dishonourable action, namely to have stood up here and to have confirmed or otherwise before the Canadian parliament something which I knew was going on in a committee in another country which was being held in camera. I do not believe any hon. member would really have done that.

Following my remarks on Friday morning I was again in touch with Washington. I said that this information, some of it not entirely correct, had been published in Canadian papers and that I thought it was my duty to make a statement in this house if I possibly could in order to clear up the situation. Because I had stated before that it was a speculative story, and if Washington was going to make a statement I said I thought it should be made at the same time as any statement made in the House of Commons. The original statement was to be given out in Washington at 5.15 p.m. As there had not been time to get that statement and reproduce copies here, I asked for a postponement of that time of release in Washington until 5.45, at which time I rose in my

place here and asked for leave to revert to motions so that I could make that statement.

The statement I received, of course, was the statement the gist of which I had received some days before. I had one extra copy, and when I received a request from the Leader of the Opposition (Mr. Pearson) I sent him the only spare copy I had so that he might have an opportunity to read it beforehand. As it had come across to me typewritten, it was headed: "Statement being issued by the United States department of defence". I had tried to accommodate the Leader of the Opposition, but now he is tearing his hair because the piece of paper I sent him over so hurriedly in order that he might have a chance to read it through beforehand happened to bear that heading.

Mr. Pearson: On a point of order, Mr. Speaker, that is not what I was complaining about. What I was complaining about was that the statement which had been given to the press and also used in this house had a United States heading instead of a Canadian heading. There is your consultation.

Mr. Pearkes: I have described the origin of that statement and the events which took place between the morning session and the evening. Remember that this was a Friday afternoon, the last hour of which is normally devoted to private members' business. But I thought it was desirable that the house should be fully acquainted with all the proposals. If there had been time I could very well have put out a joint Canadian-United States statement, but it was a question of time and getting it out for the information of hon. members.

I feel I have disposed now of these suggestions that there is not adequate consultation between the two defence ministries. If I have not told hon. members of the House of Commons what these proposed plans were and how they were gradually being evolved, I have kept the members of the government informed in that respect, particularly the Prime Minister. There is no question about not being informed ahead of time or not being consulted. I have explained the various processes of consultation.

Now let me deal with this idea that a snap decision was made between nine and six o'clock last Friday that there should be a change. If I could produce the papers, which are all classified, showing how months ago the search to see how funds could be changed from the pure defence of the North American continent to that of increasing the power of retaliation, it would prove conclusively that no snap decision has been made.

[Mr. Pearkes.]

This matter has been under consideration for months. I stood up in this house and explained two years ago how there was a general shift in emphasis coming gradually toward the missile rather than the bomber. But it was a gradual transfer. The fact that there were likely to be changes has repeatedly been stated. None of our defence plans can be rigid and fixed. There must be a large degree of flexibility, because not only are they dependent upon local conditions but they are also dependent upon the attitude of any possible aggressor. If different plans or inventions come to light which a possible enemy may have adopted, naturally you have to change your own defence plans in order to meet those changing threats.

Time and time again the Prime Minister and I have stood up in this house and referred to the changing threat, from bomber gradually towards missile. I am not going to take up a lot of time in making quotations. I have not had the opportunity to look them up, but I will just mention one. On January 18 of this year the Prime Minister of Canada spoke in this house, as reported on page 69 of *Hansard*, and he said this:

> Defence policy cannot be certain. If it could be certain, and if we could determine today the course for the next three or four years, great savings might be made. If when the hon. gentleman was a member of the government—

The Prime Minister was there referring to statements made by the Leader of the Opposition.

> —it could have been determined in 1945 or 1946 the changes that would take place in the intervening years, billions of dollars could have been saved in Canada on expenditures that had to be made for materials that are today obsolete. If we could anticipate what the U.S.S.R. would do, naturally we would be able to look into the future as to the course that should be followed with the same clarity that all of us can look into the past.

On the same day, in speaking to congress the President of the United States had this to say:

> The last few years have witnessed what have been perhaps the most rapid advances in military technology in history. Some weapons systems have become obsolescent while still under development . . .
>
> Thus, in the last few years a number of programs which looked very promising at the time their development was commenced have since been completely eliminated.

Those are two quotations which indicate that some time ago it was realized that changes must be made in defence policy and in the type of equipment being used by our defence forces.

These are fundamental changes which have taken place. We are in a period of transition which, I suggest, is unequalled at any time in history. I think it is almost a platitude to

say that. We are changing from the day of the manned bomber; now we are talking about missiles; and we have begun to talk about satellites being used for military purposes. That is a long, long way from the type of equipment which was used at the end of the last war.

References have been made to the future. There is no government in the world today which is more sincere in its quest for effective disarmament than the government of Canada. Canada is taking a leading part in the discussions which are now going on, but we would be wrong—we would not be living up to our responsibilities—if we were to anticipate the results of these disarmament conferences by taking action before an effective and enforcible system of disarmament is achieved. We must maintain, not so much our defence as our deterrent power. We base everything on the hope that we can deter an enemy from going to war. I have repeatedly said in recent weeks that there is no defence at the present time against the missile once it has been launched. Therefore we must do everything we can to prevent missiles being launched, and this means we must let the Russians, if they are our enemy, know that if they once start a war they will be met by such a tremendous counter-attack, such retaliation, that the loss to their own country would be so great that it would be suicide for them to attempt war.

The whole philosophy of our defence at the present time is that of a deterrent to war rather than of the actual defence of any particular country. I am not going to stand here and say we can shoot down every bomber that there is. I have heard statements made in this house in the past which were fantastic in the claims they made with regard to the number of bombers that could be shot down. I do not pretend for one moment that the defences we have can shoot down every bomber that might be sent against us. Mind you, the Russians have in their inventories in service today with their air force a large number of bombers, some of which are obsolete, some of which are more modern. None of them, to my knowledge, are supersonic as was claimed by the Leader of the Opposition. I do not know where the hon. gentleman got that information, but I have heard no analysis of the Soviet equipment which makes me believe that the Russians have supersonic bombers in operation today.

Mr. Pearson: On that point raised by the minister, I got the information from a statement he made to the committee of estimates discussing defence two years ago last summer.

Mr. Pearkes: As far as I know the Russians have no supersonic bombers today. They may have tomorrow.

Some hon. Members: Oh, oh.

Mr. Pearkes: They are always changing. I do not laugh at that statement, though hon. members on the other side may. The Russians are changing and advancing in just the same way as we are. They have more advanced types of bombers than those which were in operation when the CF-100 was first made. I have made that statement before. It is quite possible, indeed, it is almost certain, that if war were to break out in the near future Russian bombers would be used.

I claim we have no protection against the missile today. The missile, once launched, cannot be shot down. Missiles will very likely be directed against the forces of retaliation which are, in the main, concentrated in the United States. However, it is more than likely that after the attack in the United States with missiles a bomber attack against the industrial cities would follow.

Nobody has told me that there will not be a war in the next three or four years. I do not think it is likely that there will be one. I do not think that the Soviet union is preparing for war against us today. Nevertheless, I am Minister of National Defence, and to a very large extent I am responsible for the defence of this country against any form of attack which may occur today, next year, or ten years from now, and while we make plans for ten years hence, I still have the responsibility, and the service chiefs still have the responsibility of meeting any possible attack today as best we can.

However, our funds are not unlimited and we would only be playing into the hands of an enemy if we set a burden upon the manpower and financial resources of our country sufficient to meet every possible form of attack. By doing so we should really be reducing the economy of our country to such a state as to be making ourselves susceptible to, may I say, psychological forms of attack. Thus, without overburdening the manpower and the financial resources of the country we have to provide the best form of defence that we can.

I have said, and I repeat it, that there is no defence against the missile once launched. We must therefore stress the power of retaliation. Canada does not play a very important part with respect to the power of retaliation. It has been said we are not in that league because of the enormous expenditure which is required to produce these modern weapons of retaliation. Perhaps I should mention a few of the costs involved. Some of the weapons which the United States started to

develop and later had to abandon because of changing conditions included the Dart, an anti-tank guided missile on which some $10 million had been spent. After spending some $387 million, the United States navy abandoned the P6M, and the F8U3 was abandoned after the expenditure of some $136 million. The missile Regulus was abandoned after $120 million had been spent and other missiles which have been abandoned include the Rascal after an expenditure of $448 million and the Navaho, a missile on which there was an expenditure of $679.8 million.

To give hon. members some idea of the cost of some of these missiles of retaliation which are the only defence the west has at the present time—the power of retaliation—there is the Atlas and the Titan. Their development cost over $5 billion. Only a few of the Atlas are in operation. The cost of the Polaris in the fiscal year 1961 is expected to be $952 million. One nuclear carrier costs $471 million. That gives some indication as to why Canada cannot possibly enter that league where great sums of money have to be spent on the forces of retaliation.

What do we do? We are spending large sums of money on defence, part of which is spent on the defence of the North American continent. Part of the expenditure on defence of the continent is devoted to the Royal Canadian Navy so that with our surface ships and marine aircraft we can keep the hostile submarines away from our shores and prevent them launching missiles against our inland cities.

We spend considerable sums of money—millions—on the air defence of this continent in our warning systems which we provide, in part with the United States, as warning against the possibility of bomber attacks. We are looking into the future, working out at the present time means of assisting the United States in detecting the intercontinental ballistic missiles which might be launched against us. The main point of these warning systems is that the forces of retaliation, a number of which are still bombers in the strategic air command, can get off the ground in the few minutes that are available. If there was not that time to get off the ground they would be caught and destroyed on their air bases. Surely that money which is being spent on improving the warning systems is assistance to the only defence that we have at the present time, the power to make it clear to the enemy that it is not worth their while to attack.

We come now to the more immediate problem, the question of the change in the air defence plan. I have emphasized the point that retaliation is our one means of deterring war, perhaps making it as difficult as can be for the enemy to attack. I am sure hon. members have read in the papers or heard comments about the so-called gap that exists between United States missile development and Russian missile development. At the present time the Russians may be a little bit ahead of the United States in their missile development but I think it is compensated by the fact that the United States has available for the defence of the west a variety of means of retaliation. Not only are there missiles presently in operation in United States—few in number, I will admit, but with others coming along in the next year or two—but there is a very large force of bombers which can travel from United States and deliver their bombs on the targets of every city in European and Asiatic Russia if Russia ever starts the attack. Also, to increase the diversity and flexibility of the powers of retaliation from the United States there are the United States submarines—again perhaps few in number but with more coming along—which will have the potential of firing missiles. More and more submarines capable of carrying a Polaris will come into operation which will be able to go to any part of the world and from their unknown position in the ocean deliver their missiles against Russian targets.

In addition to that there are the medium range missiles of the Thor and Jupiter type stationed in the United Kingdom and planned for various European countries. And so, if the United States is a little behind Russia in the actual number of ballistic missiles they have, that is compensated for by the diversity of the United States weapons.

I see that you are on your feet, Mr. Speaker. I hope you are not going to stop me.

Mr. Speaker: I hesitate to interrupt the hon. minister in the middle of a sentence, but unless the house gives indulgence I am obliged to advise the hon. gentleman that his time has expired.

Mr. Pearson: Mr. Speaker, I think the minister should be allowed to continue.

Some hon. Members: Agreed.

Mr. Pearkes: Thank you. As I was saying, there may be a gap but that is partially compensated by the diversity of the United States means of retaliation. The United States realizes that it is essential that they speed up the production of their intercontinental ballistic missiles so as to close any gap that may exist. Even United States funds, however, are not unlimited. They have to draw from somewhere the money to

provide these very expensive weapons and so, because the threat from the bomber is decreasing, they have decided in consultation with Canada and the Department of National Defence that sacrifices must be made in the actual physical defence of this continent in order to make more funds available this year from purely defence to speeding up and increasing the power of retaliation.

The Bomarc program is considered an essential part of the defence plan of the North American continent so that they may deter bombers from coming over and so that some degree of defence can be given to the populated centres of the North American continent which are mainly concentrated in the east both in Canada and the United States. It so happens that the eastern approaches are the ones most likely to be followed up by Russian bombers if Russian bombers are used to follow up attacks of the missiles.

There had been a plan of some 18 Bomarc units distributed across the continent. Some of these stations—approximately four—have been eliminated. Those are ones which were not giving direct protection to the highly industrialized part of Canada. But the remaining stations, three of which are in operation, five of which are under construction in the United States at the present time, are distributed so that they can give protection to Canadian cities from Winnipeg to the Atlantic. There is more than one Canadian city today that will not benefit from the Bomarc plan when it is completed, and it is expected that this Bomarc plan will be completed, or that the last stations will come into operation, in 1963. They will cover every city from Winnipeg to the Atlantic, not our two Canadian ones. Our two Canadian Bomarcs, when established at North Bay and La Macaza, will give coverage from approximately Sault Ste. Marie to Quebec. Halifax is covered by Bomarc stations in Maine in exactly the same way as Winnipeg will be covered by Bomarc stations in the middle west.

That is the picture. There will be this chain of mutually supporting interlinked stations built to cover the Canadian air space for some 400 miles north of the border. The two Canadian stations are key links in that chain. I want to emphasize the fact that this is not an isolated defence; that these are not two lonely stations all by themselves. They are two important links in this chain of stations, and I cannot emphasize this too much because it does not seem to be realized by the general public.

Mr. Pearson: Will the minister permit a question on this point? Is this chain of stations that he is talking about, the 12 or 14 in the United States, to be equipped with Bomarc A missiles or Bomarc B missiles?

Mr. Pearkes: Three are in operation today. Those are equipped with Bomarc A missiles. The Bomarc B missiles will be at other stations. I cannot tell at the moment the number of stations which are A's and the number designated for B's; but in the first instance it will probably be about 50-50. Then, if there is still a threat from the bomber, according to the original plans, the B would take over from the A station.

Mr. Pearson: May I ask the minister this question. Is it contemplated that from its present appropriations the United States will equip those stations with Bomarc B missiles?

Mr. Pearkes: It is contemplated and there are funds available in the appropriation to equip a number of those stations. I am not saying all because three are already operative. The sum of $2,230 million has already been allocated by the United States for this program.

Mr. Pearson: How much of that has been spent?

Mr. Pearkes: As the Leader of the Opposition knows perfectly well, the funds do not go back to the general treasury once they have been voted. There are hundreds of millions of dollars still left in that appropriation for them to develop the program. It is quite wrong to think that $50 million is the only money available. There has been a reduction in order to make more money available for the powers of retaliation. There has been a reduction from $421 million, which was in the original plan drawn up a year ago, to $50 million; but the money which is allocated for the Canadian stations and for other stations in the United States not yet under construction is already voted and available to the United States air force for that particular purpose.

Mr. Pearson: May I ask the minister this question, because it is a very important aspect of the matter, and we have heard nothing about this previously. There is enough money presumably available, from the minister's reply, for the United States to complete its present Bomarc B program?

Mr. Pearkes: It depends—do not smirk and smile like that—it depends entirely on what the Leader of the Opposition means by the present program.

Mr. Pearson: There must be a program.

Mr. Pearkes: There is the present program which includes the whole 18 stations. There is a suggested change in that program not

yet approved by congress. There is not enough money—if the amount is reduced to $50 million—to provide for all the original ones, but there is ample money to provide for the reduced number. The reduced number is 14 units.

Mr. Pearson: Some of which are A and some of which are B?

Mr. Pearkes: Some of which are A. At the present time there are three operational, and since there are no B's operational those three must be A's.

Mr. Pearson: We are now getting our defence policy.

Mr. Nesbitt: The Leader of the Opposition has to have it explained.

Mr. Pearkes: There was an interruption and I have lost my trend of thought. I hope that has cleared up the situation. I repeat, up to June of 1960—and, remember, the United States fiscal year starts on July 1—$2,230 million has been allocated to the Bomarc program and Bomarc only; it has nothing to do with SAGE; it has nothing to do with gap fillers. Let me make that quite clear. Do not get confused about other things as you have been confused about the costs of the Canadian Bomarc.

Mr. Pearson: How much of that has been spent already?

Mr. Pearkes: I have not be actual figures. I tried during the debate to get the actual figures. All I can state at the moment is that there are hundreds of millions of dollars not yet spent; that is all they could tell me at the time. I should think that is adequate.

I think I have shown clearly that this is not a useless weapon. This is part of the essential defence of the North American continent. Of course, all weapons are useless perhaps, if they are not used in defence, unless you recognize the fact that they are useful in that they do deter the enemy from going to war. Withdraw those Bomarcs, ruin that chain of defence and then you have left the continent wide open and there would not be a deterrent to the Russian bombers which we know are in the Russian air force today. If we can maintain peace for the next five years, then you may say quite definitely that this has been a most useful weapon and that it has played a very prominent part in the power of retaliation, the power of the deterrent to deter the enemy from attacking this continent with bombers.

You have asked me about the effectiveness of the Bomarc B. Hon. members opposite, with one exception, have almost been rejoicing in the failures that there have been of this weapon.

Some hon. Members: Oh, oh.

Mr. Pearkes: They have given every indication that they were pleased that this weapon, in which I have said I have confidence, had again failed. It has failed seven times.

Mr. Pearson: Why shouldn't we mention it, then?

Mr. Pearkes: It is not merely the mention of it, but it is the pleasure which has been shown on your faces when you have mentioned it.

Mr. Pearson: Another form of closure.

Some hon. Members: Oh, oh.

Mr. Pearson: We must not even talk about these things; cannot speak about anything.

Mr. Speaker: Order; the Minister of National Defence has the floor.

Mr. Pearkes: These tests of the Bomarc B have been carried out. Those who are connected with it, the officials who have watched these tests, the officials of the company, the officials of the department of defence of the United States, have repeatedly stated, and only as recently as today, that they have confidence in the ultimate success of this weapon. When you come to think of it, you are trying to devise a weapon which has to hit another very small target which is travelling well over 500 miles an hour and at a distance of 400 miles away. That is not an easy thing for anybody to develop.

This Bomarc B is based on the same principle as the Bomarc A. The Bomarc A, within the limits of its range, has proved to be a successful weapon.

Mr. Pearson: Two hundred miles.

Mr. Pearkes: This is doubling that range, but the basis is the same. I have confidence that this weapon will be developed, based upon the information and the statements that I have received. I feel that we should go on with our small share in the preparation for receiving these weapons. The instruments of the Bomarc B's, with their launching pads, when placed at our disposal, will have cost the United States and Canada somewhere in the neighbourhood of $91 million. We are contributing somewhere about $15 million in order to provide the housing and structures for these weapons. Some of the equipment has already been ordered. At the present time one of the sites is being cleared of the brush and the approach road is under construction. It is suggested that we should cancel that because some members opposite have lost faith in this weapon. I have not lost faith in the Bomarc B. I think we

should continue with the construction work. We are expecting to hear that further tests have been carried out in the not too distant future. But the principle is sound and the United States have confidence in it.

I say that I welcome the motion which has called for the adjournment of the house because I have had an opportunity, for the first time, to show what our defence policy is. I have had an opportunity of replying to a number of incorrect statements which have been made by hon. members opposite giving a false impression to the people of this country. I have given hon. members information. I have held nothing back. I think any reasonable person can see that we have had every opportunity of consulting with our allies; that they have listened to our recommendations in many cases. We are constantly in touch with them, and I think I have shown clearly that the Bomarc is an essential weapon in our mutual efforts to deter the outbreak of war. We are going to stand by the agreement we have made with our allies. We have entered into an agreement for the development of these Bomarc stations, and we are not going to scrap that sacred agreement with our allies and give up just because somebody says there is a possibility that the Bomarc B may not be successful.

Hon. Paul Martin (Essex East): Mr. Speaker, I am sure that the house has listened with great interest to the speech of the honourable and gallant gentleman, the Minister of National Defence (Mr. Pearkes). This is the 28th day of March and today marks the first statement that the Minister of National Defence has made in this house since the opening of this session, except for replies he has made to the questions which have been asked him from time to time. If the action taken by the Leader of the Opposition (Mr. Pearson) today serves no other purpose, it will serve the constructive purpose of having encouraged the Minister of National Defence to make at least one report this session on some aspects of defence policy.

It must not be forgotten that the minister with an associate minister is the head of a department that is responsible for a larger expenditure of public money than any other department of government. It is, perhaps, for the minister at some other time to explain why he has only now taken advantage of the opportunity, in the light of the importance of national defence both in terms of international application and of the national budget, to explain to the house some of the matters that he regards as vital to the security of the nation and to the unity of Canada's associated states in the North Atlantic Treaty Organization.

It is amazing, however, to think that the minister should have used this opportunity of debate to say what the Leader of the Opposition had been denied the opportunity of saying in laying the foundation for his motion. How desirable it would have been if a defence committee had been set up along the lines suggested by him in which it would have been possible for members representing the various parties of this house to explore problems that are in the public mind but which, at this time, remain unanswered.

Some hon. Members: Order, order.

Mr. Martin (Essex East): The Minister of National Defence has just finished a speech three quarters of which was devoted to defence policy. That opportunity was denied the Leader of the Opposition and pursuant to the policy of closure being followed by the government I am now being called upon not to make any comments on the remarks made by the Minister of National Defence. The Minister of National Defence discussed the particular issue only in the first ten minutes of his speech and in the last 15 minutes. The body of his speech had to do with defence policy which the Leader of the Opposition was not permitted to discuss.

Mr. Speaker: Order. May I remind the hon. member for Essex East that if he had a point of order to raise and wished to object to the course followed by the Minister of National Defence, the time to do it was when he was transgressing.

Mr. Martin (Essex East): I am not raising a point of order, Mr. Speaker. The point of order is being raised by hon. gentlemen who now want to deny to the opposition a right which the opposition did not deny to the Minister of National Defence.

Mr. Diefenbaker: Oh, oh.

Mr. Martin (Essex East): I know the Prime Minister does not like this. He was the one who objected to what the Leader of the Opposition said.

Mr. Diefenbaker: Mr. Speaker, I particularly enjoy hearing the hon. gentleman discuss defence and I want him to have the opportunity of touching those peaks he normally touches when he knows little about a subject.

Mr. Martin (Essex East): Once again, Mr. Speaker, we have the Prime Minister of this country upholding the great dignity of his office by making observations which, under our tradition, normally would be made only by one who sat in the last seat in the last row. The Prime Minister, of course, has such a high regard for the exposition of all the facts that it pleases him now and then to

descend from his high office and to make such constructive observations as the one with which he has now delighted his followers. That procedure, of course, makes the Prime Minister a great parliamentarian.

I am sure the Minister of National Defence will regret having said that we on this side of the house rejoice in the failure of the Bomarc. That is a statement which I am sure the Minister of National Defence, on reflection, will want to withdraw. He knows perfectly well that it is the duty of an opposition to expose the weaknesses of the administration as it sees them. He knows that it is the duty of the opposition to discuss matters which it believes require attention by the administration. I should have thought that the hon. and gallant gentleman would welcome the opportunity to have this particular debate and that, while he might not agree with what hon. gentlemen in the opposition said, he might at least have attributed to them the sincerity of purpose which he expects—and rightly so—and which every hon. member in this house attributes to him. However, I let the statement of the Minister of National Defence speak for itself.

We are not rejoicing at these failures. We are sharing with the people of Canada generally at this time concern and disquietude over this particular matter and particularly over the conduct of national defence by the hon. gentleman and his colleagues who comprise the present government of Canada. That concern is reflected not only in the attitude of the party on whose behalf I am speaking at the moment but is reflected elsewhere in the nation.

In his attitude at the outset of today's deliberations the Prime Minister revealed the concern which he recognized is felt not only by members of this house but by people throughout the country generally because he did not give the Leader of the Opposition time to finish his argument but said, "We accept at once your proposal to discuss this particular matter of the Bomarc". The reason the Prime Minister did so was that, good politician that he is, he recognized the fact that all over this country since Friday last there has arisen a question mark about this government's defence policy. That is the reason why the Prime Minister readily accepted the suggestion that debate on the matter now under discussion should be provided for under the procedure of moving the adjournment of the house.

Addressing himself to the question of consultation, which is one of the main arguments adduced by those of us in this party against the government at this time, the Minister of National Defence outlined the whole mechanism of consultation which theoretically exists between the United States and Canada in matters of military affairs. No one denies that this set-up on paper presents an extremely complete picture. But the question at issue is whether or not, in this instance, the processes of consultation were operative; whether or not in the particular instance—altogether apart from the occasions or the instruments for consultation—they were in fact used; whether or not in fact the minister really was informed of the important events that were taking place in the United States.

As an example of the consultation that exists, the minister stated that he knew what was the total amount of moneys originally voted by the United States for this Bomarc program. Yet when asked by the Leader of the Opposition what was the total expenditure made to date out of the moneys voted the Minister of National Defence was not able to give a definite reply. If the consultation with the United States is as efficient as the Minister of National Defence says it is, surely it would not have taken very long for the Minister of National Defence, in preparing his material for today, to have ascertained from the United States how much money has already been spent out of the moneys voted in the United States for the Bomarc program. We would then be in a position to determine whether or not the argument made by the Minister of National Defence with regard to the future use of the Bomarc was deserving of the validity suggested by the Minister of National Defence.

I refer the house to a statement made by the Prime Minister when he spoke on February 20, 1959 in this house. That was on the occasion of the abandonment of the CF-105. As reported at page 1222 of *Hansard* of that year the Prime Minister stated as follows:

> Having regard to the information and advice we have received, however, there is no other feasible or justifiable course open to us. We must not abdicate our responsibility to assure that the huge sums which it is our duty to ask parliament to provide for defence are being expended in the most effective way to achieve that purpose.

Those were wise words.

Mr. Diefenbaker: What page was that?

Mr. Martin (Essex East): Page 1222. Those were words which the Prime Minister and the members of the government ought to apply to the present situation, namely:

> We must not abdicate our responsibility to assure that the huge sums which it is our duty to ask parliament to provide for defence are being expended in the most effective way to achieve that purpose.

Whether or not one accepts the argument made by the Minister of National Defence,

no one will deny that as a result of the incidents on Friday last a prima facie case at least was established for questioning whether or not, in the particular context, public moneys were being properly used for the purpose intended.

In the same debate, as reported at page 1224 of *Hansard* of that year, the Leader of the Opposition stated as follows:

> Surely if we are going to make this change from an interceptor developed and built in Canada to a missile developed and built in the United States, then we must be confident in our own minds—all of us who have an obligation in parliament in this matter—that this change is going to increase our defence capacity.

In the light of the events which now confront us, how wise these words of the Leader of the Opposition were.

> The principle which the Prime Minister has enunciated in his statement and which should guide not only Canadian but United States policy in this matter is the principle of the pooling of our resources continentally and on an Atlantic basis for collective defence. Surely that does not mean that Canada is to be asked to take part in collective continental defence in so far as planning and operation are concerned but not in so far as the development of resources and industrial capacity are concerned.

The important part of the statement of the Leader of the Opposition is that we have an obligation to make sure that this change is going to increase our defensive capacity.

Now, do events as they were unfolded on Friday and as told to us today by the Minister of National Defence meet the requirements laid down in these remarks of a year ago by the Leader of the Opposition? It is clear, Mr. Speaker, whether the minister agrees or not, that from the events of Friday last there is every justification for questioning the consultation that has prevailed between the United States and Canada in this matter. All we have to do is to review the incidents of Friday last in order to see how justified this statement is and how warranted are the fears of journalists in our newspapers who have expressed editorial opinion, as well as the remarks of commentators through other instruments of dissemination of opinion. Not only in this parliament but throughout the country it is clear that there is an uncertainty in the public mind as to whether Canada, a loyal ally; one that has paid its own way and has been co-operative in its relations with the United States and as a member of NATO; one that has been treated as an equal partner or, in this particular instance, as a satellite, not receiving from her partner the kind of co-operation and consultation expected between two nations equal in function if not in power.

The incidents of last Friday speak for themselves. In the morning the Minister of National Defence expressed doubt about the Washington reports that the United States had practically stopped the development of the Bomarc anti-aircraft missile. Is there any doubt that that was the result of the observations of the Minister of National Defence, that he did express grave doubt as to whether or not these reports which have been referred to were in fact warranted or true? Seven hours later—*Hansard* is there as a record—the minister rose in his place and read a statement from the United States defence department to the effect that that department and the government of which it is a department was cancelling most of the Bomarc program.

Mr. Speaker, the Leader of the Opposition has commented on the fact that the minister read in this house a statement prepared by the information service of the United States department of defence. If we had had the kind of consultation with the United States that the minister argued a few moments ago existed, surely it would have been possible to have had sufficient notice to enable the minister's officials to prepare a statement, in accordance with our traditions, which would have at least expressed the government's opinion on a paper which would have come from this House of Commons or from the Department of National Defence. The reason why the Minister of National Defence used a statement from the United States defence information services was because there was not time, I would suggest, for the minister to make the kind of changes—I do not mean changing words—which would put the statement in a form which would have satisfied the dignity of this country, an equal partner; if not in function at least in status, with the United States in these matters.

Mr. Pearkes: May I ask the hon. member a question. Could he inform me at what time this leaked out?

Mr. Martin (Essex East): I could not give the minister the time.

Mr. Pearkes: Perhaps you had some advance notice that there was going to be a leak and I did not.

Mr. Martin (Essex East): The minister is in touch with the United States continually and did not need time. He could have done precisely what I said, but for some reason or another the instruments of consultation between the two departments of government have not functioned in this matter, and it is clear not only from the incidents of last Friday but from other incidents during the course of the last six months that the minister

and his opposite number and their respective departments have not had the kind of consultation desired.

Mr. Pearkes: Name one.

Mr. Martin (Essex East): As a matter of fact, in a matter of this sort why is the medium of consultation not between the Department of External Affairs and the state department? Usually in matters involving the relations of our two friendly states the medium of communication is between the state department and I suggest should be in this instance, as far as Canada is concerned, the Department of External Affairs. But the fact is that if we had not insisted as we did on Friday we would not have had the statement from the minister that we did ultimately receive.

Mr. Pearkes: You cannot substantiate that.

Mr. Martin (Essex East): The minister says nonsense. That is his conclusion and I am giving him my interpretation after witnessing the incidents of Friday last. It is clear, Mr. Speaker, that the Minister of National Defence was kept in ignorance of the decision of the United States defence department concerning the Bomarc, and I say that is a reflection upon our country and on the kind of partnership which should prevail between this country and our neighbour, particularly in matters of such great importance as this. I think it is quite clear that the United States still intends, and if I am wrong the minister will say so—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): The hon. member for Brome-Missisquoi (Mr. Grafftey), who usually takes matters so seriously—

Mr. Grafftey: I could not take that seriously.

Mr. Martin (Essex East): —I am sure on reflection will not want to be referred to as one having expressed laughter in respect of a matter which now so agitates the people of Canada.

Mr. Grafftey: On a question of privilege, I did express laughter on that last remark.

Mr. Martin (Essex East): It is also evident that the United States still intends to send to Canada a weapon which the United States now feels is too inefficient for use in its own defence.

Mr. Pearkes: You have asked me to reply to that. It is completely and utterly false.

Mr. Martin (Essex East): The minister says I am wrong, but I can only say that we will find out whether the assurance of the minister today will be borne out by events tomorrow. We have had many assurances from the minister and subsequent events have shown that his optimism was not confirmed.

In any event, if it had not been for the Leader of the Opposition today it would not have been possible for us to have received from the Minister of National Defence an enunciation of policy on this very important matter. We would have again have been treated to a policy of silence or a policy of announcements over the radio, rather than giving this house an opportunity to confront the minister in a friendly manner which is characteristic of this chamber. We would not have had the opportunity of having statements made by the government and having these examined by the Leader of the Opposition and by the house generally in order to arrive at an understanding as to what is the situation. Had it not been for this debate we would not have had some of the elucidations which have come to us this afternoon.

I repeat, to use a United States release instead of a Canadian release, instead of an assessment based upon an appreciation by the government of Canada, was in itself significant. It would be interesting to know whether there was a meeting of the cabinet on Friday last which dealt with the important developments which ensued between the time the minister first spoke on Friday morning and when he made his statement at 5.45 p.m. on the same day, because some of the things the minister said in his statement involved matters of government policy, matters that can only be determined by the cabinet collectively, not on the basis of the view of one minister, even though that minister might be the minister in charge of the department concerned.

The minister said there was no snap decision made on Friday in the United States. If that is the case, why did he express confidence on Friday at 11.30 a.m. and then make a statement later in the day which sought to explain his earlier reaction to the situation? If the minister—and I respect him for this, and the house will respect him for it—was anxious to keep an undertaking made with a friendly government, that is understandable; but surely the parliament of the nation is not to be treated as though it were composed of officials of the department. Surely it would have been possible for the minister to have said: certain circumstances have arisen, and I would ask that at this time that we proceed with some other matter, and I tell the house on my authority as a minister that I will make an important statement on Monday. Surely it would have been

possible for the minister to have taken a course of that kind. Instead, he chose a course which has caused lack of confidence, a course which has caused confusion and which has caused uncertainty. I say also, with some justification because of the evidence which is now about us, that it was a course which caused much disquiet in the country with regard to the government's defence policy.

What is the situation in the United States? Is there any doubt in that country as to whether the government of the United States will see to it that the Bomarc B missile will ever be introduced into the United States system, though plans do continue to provide Canada with two squadrons for use at North Bay and Mont Laurier? It would be interesting to know whether it was Canada's idea or the idea of the United States to go ahead with the Canadian sites. That question has never been dealt with by the minister. As far as I can recall, we do not know whose decision it was, and this matter has never been mentioned by the Minister of National Defence.

In the light of the developments of the last few days, the question takes on an added importance. The minister said, if I understood him correctly, that we are not reviewing the efficiency of the Bomarc at all. Yet I see that according to the Winnipeg *Free Press* of March 25, Dr. Herbert F. York, chief of the United States defence department research, told senators that the Bomarc program was undergoing critical review because of a series of test failures. We have never been told that it was undergoing a critical review. We have been told that the minister has confidence in the ultimate success of this weapon.

Last Friday the minister told us he has confidence in the Bomarc. The minister may have confidence, but what value is that confidence in the light of a statement made by a man who is closely connected with research production in the United States—Dr. Herbert F. York, chief of the United States defence department research division—who must be regarded as a man of great authority in the field and who, I repeat, told the senators of the United States that the Bomarc program is undergoing critical review. Yet the minister says he has great confidence in this particular project.

I hope the minister's confidence is well placed, but we are challenging in this deliberative assembly the basis of that confidence. We are not challenging the integrity or the capacity of the minister. We are challenging something which is of the very essence of our defence at this time, something which is going to cost the Canadian people a great deal of money. Because this is so, and because we are an equal partner with the United States under the North Atlantic Treaty Organization, we are asking that we should be consulted by that country and by its department of defence as an equal, just as I am sure we would, unhesitatingly, if the shoe were on the other foot, see that our partner was fully advised of whatever courses we were taking.

The minister questioned the statement of the Leader of the Opposition with regard to the figure of $125 million. I am glad that he withdrew the allegation of lack of veracity with which he allowed his remarks to be associated. But there was justification for what the Leader of the Opposition said. The Leader of the Opposition has referred to *Hansard* at page 925, to a question asked by the hon. member for Trinity (Mr. Hellyer) and the reply of the minister. If there was any misunderstanding, that misunderstanding has been copied by those who report the proceedings of this house. I have before me the Ottawa *Journal* of February 1 containing an article by the Canadian Press staff writer, Dave McIntosh, a responsible writer on these matters and a man in close touch with national defence. He wrote:

> Canada's contribution to the total cost of the Canadian Bomarc-SAGE program has been estimated at $125 million.

Again, the Montreal *Gazette,* in today's paper, said in an editorial:

> Of this sum the United States will pay two thirds. This leaves Canada with a bill for $125 million.

Then Mr. Harold Greer, writing on February 2, in the Toronto *Globe and Mail* said:

> Some $10 million has reportedly been spent on the two bases so far and another $20 million will be spent in the coming fiscal year. Canada's overall investment in the Bomarc program is expected to be around $125 million.

Mr. Pearkes: You believe that rather than what I said in the house?

Mr. Martin (Essex East): The point I am making, and the minister has obviously misunderstood it, is that there was justification for the interpretation given by my hon. friend.

An hon. Member: No, there was not.

Mr. Martin (Essex East): The hon. member, who no doubt is well informed on these matters, said there was not. If the Leader of the Opposition is wrong, then *Hansard* is wrong, the reporter for the *Globe and Mail* is wrong, the Montreal *Gazette* is wrong everybody is out of step but the minister. The government, with its great majority, obviously does not like to be caught out on a limb as it has been with regard to this matter.

This matter could have been dealt with effectively if the request made by the Leader of the Opposition for a defence committee had been accepted. At a time when, as the minister says, the intercontinental ballistic missile has provided many transformations in the defence policies of the countries concerned it would have been very helpful if the government had accepted the proposal for the setting up of such a committee so that the minister could have given the kind of statement he has made today and proper precautions for security could have been taken in the circumstances when necessary. There could have been a real examination made of the total defence program of Canada in light of the changes that are being made in the United Kingdom, France and the United States.

We are now face to face with disarmament discussions. The Soviet union is prepared, it says, to reduce its conventional forces down to very low levels. The United States have contemplated reductions in conventional forces, too, and countries like Canada, France and the United Kingdom will be expected to play their part if such a program is arrived at which, of course, we all will do. These steps are now being taken by the Soviet union in my judgment not only because they want to see a comprehensive system of disarmament but because the very strategy of modern war has changed. The new instruments of human destruction now make unnecessary the great expenditures of money that are now being expended in many avenues of defence effort. It would be worth while for us to know in what particular areas of our own national defence these reductions could, consistent with security, take place.

That kind of question and the question that is before us today could have been searchingly examined in a defence committee and we would not be faced—

Mr. Speaker: The hon. member keeps coming back to the subject of the defence committee. The house has already disposed of that matter and it is quite improper, as it was for the hon. member for Assiniboia (Mr. Argue), to repeat the argument raised at that time.

Mr. Martin (Essex East): Mr. Speaker, I regret that you say it is improper, but if you say it is I accept your view. I ask you, however, to remember that the Minister of National Defence discussed the whole question of national defence policy much more generally than I have done.

I now incorporate as part of my own speech two paragraphs from an editorial which appeared in this morning's *Globe and Mail* which I think characterizes this situation, this debate and the concern of the country at this time:

> The relationship between Canada and the United States is of great interest abroad. While Canada, a relatively weak country, remains a free and independent ally of her mighty neighbour, an ally treated with dignity and respect, Canada presents convincing evidence of United States integrity, of United States good intentions in the world. But if the United States shows any inclination to treat Canada as a satellite, United States integrity will soon be doubted and its good intentions sharply questioned.
>
> There is no doubt that Canada has been treated shabbily in the matter of the Bomarc. This fact must be drawn to United States attention in no uncertain manner.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I do not intend to traverse the ground covered by the Minister of National Defence (Mr. Pearkes). After all, sir, you will have noted in the very fine contribution made by the hon. member for Essex East (Mr. Martin) that it was obvious that the explanation given by the Minister of National Defence satisfied him for all through his remarks ran the thread that if only this explanation had been given before there would have been no necessity for this debate today.

I wish to point out with great respect, Mr. Speaker, and in no way bringing Your Honour into the debate, that on Friday last after the Leader of the Opposition (Mr. Pearson) and the hon. member for Assiniboia (Mr. Argue) had made rather lengthy speeches on the matter, the Minister of National Defence, as reported at page 2490 of *Hansard*, rose and said:

> Mr. Speaker, may I just answer a couple of questions?

In reply to this Your Honour stated:

> In view of the time, and in view of the usual practice with statements, where comment is permitted but not debate, although the hon. member for Assiniboia perhaps strayed from that in his comment, I think it would be inappropriate to continue the discussion.

I believe it is obvious from the record that the minister would have answered as he answered today had the rules according to Your Honour's interpretation—and I am not disagreeing with that in any way—not being applied as strictly as they were.

Mr. Pearson: Ten after six.

Mr. Diefenbaker: I am very glad that we have had the opportunity of having this discussion today. Indeed, if Your Honour had taken a side glance at the Leader of the Opposition, and the hon. member for Essex East, and had noticed their reaction when I unreservedly accepted this motion to adjourn

you would have realized that hon. gentlemen opposite had not expected that we were waiting for just this opportunity.

Some hon. Members: Oh, oh.

Mr. Pearson: You had months to do it.

Mr. Diefenbaker: Oh, Mr. Speaker, it is amazing how their consciences prick them at this moment. Otherwise they would not be interrupting. If you could have seen their faces when the motion was accepted you would have realized that it was one of the greatest surprises they ever had. My colleagues and I had been wondering whether or not they would provide this opportunity by such a motion, we did not expect that strategically they would have done so. I want to thank them immediately for having provided this forum, and this opportunity to answer the kind of thing which they have so sedulously and wrongly advanced since Friday.

When you analyse everything that has been said here today you realize the fact that the Liberal party is opposed to a continental defence policy for North America. They are opposed to it because it implies a non-acceptable excessive dependence on the United States.

Mr. Martin (Essex East): That, of course, is not a fact.

Mr. Diefenbaker: Both the Leader of the Opposition and the hon. member for Essex East say that is not so. Let me read from a speech delivered by the hon. member for Laurier (Mr. Chevrier) on March 26, 1960, as reported by the national Liberal federation of Canada:

> Mr. Chevrier said the Liberal party was opposed to a continental defence policy because it implies a "non-acceptable" excessive dependence on the United States.

Mr. Martin (Essex East): That is not the same thing at all.

Mr. Diefenbaker: The hon. member for Laurier then went on to say:

> —our defence policy should be one of fuller integration within NATO.

Their attitude from the beginning has been one of opposition to the geographical necessity that requires Canada to be joined with the United States in continental defence. I join with the hon. member for Essex East in abhorring any thought that this means being a satellite. It does not mean being a satellite, nor does it involve any sense of dependence on the United States to a degree that would render us in any way subservient. It means two equals joined together as we are, we in Canada requiring for our preservation and the protection of our life itself, close integration in defence with the United States. Any other policy would be dangerous to the future of Canada and the preservation of freedom.

When they speak about the necessity of the fullest consultation one has only to read the references made by various leaders in the United States and in Canada who have recognized the fact that the days of our subservience ended in June of 1957, and the days of consultation began. They talk about consultation. Have they forgotten that they spent some $400 million on the CF-105?

Mr. Pearson: At least it could fly.

Mr. Diefenbaker: And they made no arrangement whatever with the United States to make purchases of any of those aircraft when produced when they realized that unless they could Canada could not possibly produce the aircraft at a reasonable or economic price. When they speak of consultation, when the hon. member says that the Department of the Secretary of State for External Affairs should have interested itself in this regard I recall to his mind this fact. When he and the present head of Rio Tinto, Robert Winters, were ministers of the former government an agreement was entered into with the United States for uranium, which cut off in 1962.

Mr. Hellyer: Order.

Mr. Diefenbaker: It secured nothing for Canada on the conclusion of the contract except the expression of a hope rather than anything of certainty, or anything that should lead Canadians as a whole to feel that Canada's interest was going to be protected.

Consultation there was. Consultation there will be as between our two countries on the basis of equality.

Mr. Pickersgill: Will the Prime Minister permit a question?

Mr. Diefenbaker: Yes, I will be glad to have a question from the hon. member.

Mr. Pickersgill: Will the Prime Minister tell us about the consultation which has taken place over the uranium business since he came into office?

Mr. Diefenbaker: I will be glad to deal with that at any time. As a matter of fact, consultation was more or less continuous. Representations were made from time to time, and strongly, but we had pointed out to us the fact that the Canadian government had entered into an agreement without there being any provision for the future. Having regard to the surplus which had been built up in the United States, it could not be expected that the United States would continue to pile up a surplus for the future.

Mr. Pearson: One letter.

Mr. Diefenbaker: Let me just deal with the two matters. First of all, there is consultation. I think this has been covered admirably by the Minister of National Defence. Second, there were all the observations made over the weekend about dead ducks, the end of the Bomarc, the reduction from $451 million to $50 million this year by the United States. All of that was explained by the minister today as clearly and as definitely as it could be explained.

He pointed out that the numbers of the stations have been reduced from 18 to 14, including the two in Canada, beginning at the head of the lakes and thence taking in the concentration of industry, particularly in Ontario and Quebec, and along the Atlantic seaboard, Halifax and Saint John; thence to New York, Pittsburgh, Cleveland, Detroit and that area. All of those areas are encompassed in the new plan which followed from the discussions and consultations.

When the Leader of the Opposition mentioned today that the whole thing had been ditched—I am not sure that was his word—he had heard the minister explaining the facts on Friday, explaining the change that had been made. He knew the actual facts when he was speaking today, as a result of having heard the Minister of National Defence on Friday and yet, in the face of that, he moved the motion which reads as follows:

—the lack of adequate consultation between Canada and the United States—

I have dealt with that. I continue:

—the basic change made by the government of the United States in continental air defence policy—

It is not a basic change; it is an amendment to meet changing conditions.

Since 1945 Canada has spent $20 billion on defence. How many times have we had to change during that period of time? Khrushchev does not send messages to us in advance to tell us what he is going to do. It becomes necessary to have a flexible policy to meet changed and changing conditions.

Today we and the United States are joined in this regard in the Bomarc. In addition to that, the United States is going in for the most tremendous expenditure on ICBM's. Is there anybody in this house who will say that Canada should join in that? Is there anyone in this house who will say that Canada, in order to assert herself in the matter of defence, should enter into a field of expenditure which will run into billions and tens of billions of dollars before it is achieved? We have, within the limitations of the population of this country, done those things which we believe, as a result of consultation with the United States, represent a true measure of defence.

The same sort of arguments take place in the United States committees. The opposition says the United States is not prepared. It speaks of missile gaps and the frightful danger that the United States is in. Read the debates in the British house of commons. See what the leader of the opposition said there. He used almost the same words as the Leader of the Opposition used here today.

Mr. Pearson: They have debates over there.

Mr. Diefenbaker: If it were not for the fact that I am sure the Leader of the Opposition is not a plagiarist I would say that both he and the leader of the opposition in the United Kingdom have a fondness for the same exaggerated words.

We welcome the opportunity of meeting the arguments that were raised today. I thank the hon. member for Essex East. I believe that this is what parliament is for. I want to see the opposition discharging its responsibilities to the full.

Mr. Pearson: Give us a committee, then.

Mr. Diefenbaker: Let me say that when I hear my hon. friend talking about closure—

Mr. Martin (Essex East): No, a committee.

Mr. Diefenbaker: They talk about closure, Mr. Speaker—

Mr. Pearson: More diversion.

Mr. Diefenbaker: Closure is one word that is written on their hearts. As history shows the word "Calais" was written on the heart of Mary, so they find "closure" written on their hearts. There will never be closure applied in this house as long as this government is in power.

We thank them for having brought up this motion, for having given the opportunity to the Minister of National Defence to make a full and complete answer, I appropriate the words and sentiments of the hon. member for Essex East, "If we had known this the motion for adjournment would not have been necessary".

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, when the house took recess at six o'clock the Prime Minister (Mr. Diefenbaker) had just concluded an extraordinary intervention in this debate. It is

mainly with the points that were raised by the Prime Minister that I wish now to deal. The Prime Minister began by saying that the hon. member for Essex East (Mr. Martin) had been quite satisfied with the explanation given by the Minister of National Defence (Mr. Pearkes), and that if the minister had had an opportunity, which the Prime Minister rather insinuated he had not been given, to give on Friday the explanation which he gave today there would have been no occasion for this debate. I can assure you, sir, so far as I am concerned, and I have consulted my hon. friend and he has authorized me to speak for him, and I think so far as the whole opposition is concerned, we are not at all satisfied with the explanation given by the Minister of National Defence.

The explanation given by the Minister of National Defence, if it had been given on Friday, as it should have been given and as I think I can show it could have been given, would undoubtedly have changed the character of the intervention made today by the Leader of the Opposition (Mr. Pearson). We would have been in possession at least of the point of view of the government. I do not know that we would have been in possession of any more facts, but we would have known the point of view of the government instead of it being a mystery to us and to the country, and we would at least have had some information as to the basis on which they were clinging like leeches to this extraordinary weapon with which no one else seems any longer to wish to be associated.

But the other thing which seemed to me was very extraordinary—extraordinary for any prime minister in the history of this country but not perhaps so extraordinary in the case of the present Prime Minister—was the way the Prime Minister began his intervention this afternoon. He began it, characteristically, by a personal reference to the motives of those who were moving the motion, who were putting it forward. This is the usual way in which the Prime Minister seeks at all times to elevate the tone of debate in this parliament. It does seem to me, sir, that this kind of intervention in a matter so serious as this is unworthy of the head of the government of this country.

Here we are talking about a matter that concerns our very lives, and all the Prime Minister can do is bring the debate down to the level of petty politics, which he does on almost every occasion in which he intervenes in a debate in this house. The Prime Minister's intervention, had we cared to bring it up, was against the rules of the house. He was imputing motives to other hon. members which, I may say, is the main line of argument used by the Prime Minister at all times. I think it is about time some protest was made about this and I do not hesitate, sir, to make it right here and now.

I have no intention whatever of emulating the Prime Minister in this kind of debate. I intend to talk about the motion before the house which, incidentally, the Prime Minister hardly mentioned. Before doing so, I do intend to repudiate, and repudiate utterly on my own behalf—I think I can speak on behalf of our party—any implication that hon. gentlemen opposite have any monopoly of concern for the defence of this country. As a matter of fact, there has not been one effective, constructive thing done by Canada for the defence of this continent since hon. gentlemen began to occupy the treasury benches. The only accomplishment they have to their credit, and they can have all the credit they can get out of it, is the destruction of the Arrow; that is all they have done. This has been their whole defence policy up to now, apart from clinging like leeches to this weapon of very dubious ancestry and of even more dubious performance.

The Prime Minister also told us that subservience had ended in 1957. I have never been able to appreciate what the subservience was before 1957—

Mr. Bigg: Read your history.

Mr. Pickersgill: I have written more history than the hon. member for Athabasca (Mr. Bigg) could ever learn if he sat here for over half a century. All the hon. gentleman from Athabasca does is to make interventions and comparatively obscure murmurings behind the backs of hon. gentlemen who speak. He never dares to get up and face anybody in this house, and I do not think he ever will.

I was saying that I can remember no example of any kind of subservience whatever in the days before 1957, and I certainly can remember no occasion when any minister of national defence, or anyone else who occupied the treasury benches before June 21, 1957 got up in this house, to which every minister is responsible, and said, "I could not tell you because it was a secret that had to be kept for the United States." That, sir, is the essence of this whole thing.

Mr. Pearkes: Have you no honour?

Mr. Pickersgill: Oh, yes, I have honour, and I know who elected me, too. I am going to tell the minister something about responsible government. The minister was elected and the government was elected to represent the people of Canada, not the people of the United States. The minister came in here and said, that the Americans had

told congress they were going to change the defence policy of their country but it was a secret and, although we are partners, the Canadian parliament had no right to be told; that is what he told us and that is his whole defence. He said, I knew all the time; they told me, but they said, keep it a secret. We are going to tell congress, but you must not tell your parliament. This is the kind of partnership these gentlemen who are not subservient enter into; that is their idea of equality.

I tell you that since 1867 no more abject example of colonialism has ever been displayed in this country than was displayed this afternoon by the Minister of National Defence. Nobody who knows anything—

An hon. Member: Put your hands in your pockets.

Mr. Deputy Speaker: Order.

Mr. Pickersgill: I was saying, Mr. Speaker, when I was interrupted by a murmur in the house, that anybody who knows anything about politics in the United States, knows this.

An hon. Member: Read some history.

Mr. Pickersgill: He knows that when a proposal to change the defence policy of that country is made to congress, it is going to appear in the New York *Times* and practically every other newspaper the next morning. If the hon. gentleman knew—as he said he did on Friday; and I believe him, of course; I have not any doubt that is true —that the United States defence department had proposed a change in the policy with respect to the Bomarc and had proposed this change to congress, he ought to have known—or he ought not to have been in his present portfolio if he did not know this—that it would appear in the newspapers. He therefore should have been prepared to deal with that matter here in this house.

Indeed, Mr. Speaker, it seems to me that when this extremely important decision was taken by the United States defence department to cut what they were asking for in respect of the Bomarc from $421 million to $50 million; the moment the minister was told that he should have said, "You are going to tell that to congress; therefore on the basis of partnership and on the basis of equality I shall be obliged to tell it to my parliament". Incidentally if we had the defence committee which we ought to have the committee would have been there to which to tell it. But we did not have it. If we are partners and if there is any equality, the moment congress was going to be told about it, we should have been told about it here in this house.

Mr. Pearkes: May I ask the hon. gentleman a question?

Mr. Pickersgill: The minister may ask me any questions he likes to ask when I have finished.

Some hon. Members: Oh, oh.

Mr. Pickersgill: We listened patiently this afternoon to the minister digressing all over the lot. I am going to speak very briefly precisely on the point. When I have finished I shall be extremely happy to answer any questions the minister chooses to ask.

As I was saying, the moment the minister was told that a fundamental change in policy was going to be proposed by the defence department of the United States he ought to have known, from his experience, that the proposal would be public within 24 hours. He ought to have been prepared for that event. They ought to have had an agreed statement worked out beforehand and an agreed technique in case there was a leak, because there always are leaks. If that had happened, when my friend the hon. member for Trinity (Mr. Hellyer) raised this matter on Friday morning the minister would have been able to rise in his place, as he should have been able to do, and give the explanation he gave this afternoon.

This parliament is entitled to nothing less than that. If these things are going to be told to congress, we are entitled to be told about them here. But we were not told. We were told that it was speculative, that there was a leak and things of that sort. The minister now tells us he knew it was the policy of the department all the time but he was in honour bound not to tell. He was in honour bound not to tell what, for heaven's sake? Was he in honour bound not to tell us that in this joint program in which we are supposed to be equal partners the United States government was proposing great changes to their congress but this parliament was not to be told anything about it? That is the point. That is the real point.

If the minister had any sense of his obligations to this parliament and to the people of this country he would have said, "This is intolerable; I cannot agree to it; if you are going to change this policy I insist on being able to tell the people of my country and to tell my parliament". That is the nub of this whole thing. But the plain fact is that the policy with respect to Canada was changed—the minister told us that—not the Bomarc part but the SAGE part. We were told

nothing about that. The Americans were told about it but we were not. It was in their statement. In other words, we got our orders from Washington. That is really what it amounts to.

Then even more extraordinary than that, it seems to me, was what the Prime Minister said to us this afternoon. He said the Leader of the Opposition had no business making the kind of motion he made. Why? Because the minister had gone on television and explained everything on television.

Some hon. Members: Oh, oh.

Mr. Pickersgill: This is a new conception of the rights of parliament from the great exponent, the great advocate, the man who is going to restore the rights of parliament. What do we get? We get the unemployment policy announced by the Prime Minister on television within two hours of the time when the debate ends. We get defence policy announced on television on a Sunday. That is a new conception of parliament. That is the restoration of the rights of parliament which the hon. gentleman promised the people in this country in 1957 and 1958.

I say to you, Mr. Speaker, that regardless of the merit of this question—and about the merits I do not pretend to be an expert at all and I am not going to speak about them—what I am saying is that in so far as the parliament of Canada is concerned, every right we have is being trampled in the dust. There is no better example of it than the example we had over this Bomarc question. Moreover, I say that it is intolerable to have our policy dictated to us over the telephone, to have the extraordinary situation we had on Friday morning where the minister speaks of speculation and rumour and then comes in at a quarter to six and says, "I have now orders from Washington; here they are; it is too late to debate them but here they are". Then there is such a commotion in the press over the week end that the Minister of National Defence gives an entirely different explanation over television and because that is done the Prime Minister says we have no right to raise the question in parliament.

Mr. Pallett: He did not say that at all and the hon. member knows it.

Mr. Pickersgill: The hon. gentleman can look at the Prime Minister's words. The Prime Minister said that the Leader of the Opposition should not have brought in this motion because he knew the facts already.

Mr. Pallett: Read his statement.

Mr. Pickersgill: The hon. member for Peel, (Mr. Pallett), who never gets the point until it is repeated about three times, may look at the words of the Prime Minister if he wishes to do so and perhaps he will see that after all I am right and he is wrong.

Mr. Pallett: The hon. gentleman had better have a look at the speech tomorrow and see for himself what was said.

An hon. Member: What is the point?

Mr. Pickersgill: Someone says "What is the point?" The point is that we in this parliament are entitled, as soon as the United States congress gets it, to have a proper explanation of the joint policies of the two countries, if indeed they are joint policies. But nothing could be clearer to anybody who reads the editorial writers in papers like the Montreal *Gazette* and the *Globe and Mail,* which papers are not notoriously friendly to us but were once friendly to hon. gentlemen opposite—that they cannot find out anything about this matter except what they read in their news columns, it is not surprising that the rest of the Canadian people are puzzled. It also seems to me that that puzzlement, that confusion, that concern, that anxiety has not been assuaged at all by the explanation given by the Minister of National Defence. As for the purely political intervention of the Prime Minister, of course it did nothing to restore the dignity of parliament.

Mr. Pearkes: May I ask the hon. gentleman the question I wanted him to answer? Does the hon. gentleman know that the committee on appropriations has not yet reported to congress?

Mr. Pickersgill: I am glad the minister asked me that question because that is one of the points I wanted to make. This afternoon the minister said—I have a note of it here—said something about it being flexible; yes, he said it was not a fixed plan. Those were his exact words. It is beyond my comprehension what the minister means by that statement. When the defence department of the United States goes to congress and says—

Mr. Pearkes: They have not gone yet. That is the point.

Mr. Pickersgill: Perhaps the minister would allow me to reply. I am replying to his question. When they go and tell congress, "The defence department are suggesting that you cut this from $420 million to $50 million", does the minister really think that congress is going to force more money on them?

Mr. Pearkes: Quite possibly.

Mr. Pickersgill: If it is, let me ask the minister this. Does that mean that congress, not

even the United States defence department but congress, is making our defence policy, because that is what the minister is saying? In other words, the minister says that a policy put forward by the defence department is of no particular validity but that the congress of the United States from now on will make the defence policy of Canada. I do not think many Canadians are going to regard that as the end of subservience.

Mr. Speakman: I wonder whether the hon. gentleman would answer a question for me?

Mr. Pickersgill: Surely.

Mr. Speakman: Would he tell the house how much of this reduction, about which he has made such a great thing, is coming out of the Canadian treasury?

Mr. Pickersgill: I said that I would answer the hon. gentleman's question, but perhaps I did him too much credit. I thought the question would be intelligible and capable of an answer.

Mr. Speakman: Just answer the question and do not make statements concerning my intelligence.

Mr. Pickersgill: I quite frankly confess that I did not understand the hon. gentleman's question but if it means what I think it means, that the reduction in the American appropriation affects the treasury of Canada, the answer is apparently not, but I think it should.

Mr. G. C. Fairfield (Portage-Neepawa): Mr. Speaker, I am a little surprised, although not too much, that the hon. member for Bonavista-Twillingate (Mr. Pickersgill) has made a political attack on the Prime Minister (Mr. Diefenbaker) when he is unavoidably absent. This is becoming somewhat of a habit as far as he is concerned. The Prime Minister has a lot of business to attend to and the hon. member probably expects him to be absent when he speaks because many of his speeches are in a political vein.

In his opening remarks the hon. member for Bonavista-Twillingate made one statement that I thought was very intelligent. He said that he did not know anything about the Bomarc and therefore he was not going to talk about it. That was one of his more intelligent statements.

An hon. Member: What was the other one?

Mr. Fairfield: The hon. member for Essex East (Mr. Martin) talked about limbs being cut off. When the Minister of National Defence (Mr. Pearkes) wielded the axe I am sure that hon. members opposite were the ones who were sitting on the limb. The members of the opposition seem to be rather confused about policy generally in respect of defence. They have no constructive criticisms to offer. However, I fear that many of their remarks are accepted in all good faith by the Canadian people and there is serious objection to this, particularly in a debate concerning the Bomarc.

The opposition brought up the matter of consultation and the minister quite openly gave the reasons for the consultations and said that there definitely had been consultations. When the hon. member for Essex East was talking about the leak of information or where the information emanated from he was kind enough to point out to the Minister of National Defence how such a situation could be handled. It was very nice of him, an ex-minister now in the opposition, to do that since he probably has a great deal of experience in offering advice but I would not think with regard to defence policy particularly.

I do not know about consultations with Washington but with respect to NORAD but I do have some knowledge about the organization. I have friends who have served in it and have now come back to Canada. One thing they are worried about is the fact that, instigated by the opposition, there has been a great deal of talk in the House of Commons and throughout the country to the effect that Canada is losing its sovereignty to the United States. They say that the Americans connected with NORAD have become supersensitive on this point and that not only do they consult on all matters but that they also lean over backwards to accept the advice of Canadian defence personnel assigned to NORAD. Yet, financially speaking, our share of the operation is very small although our voice is very loud. This is something that the people of Canada do not know. From the speeches made by members of the opposition both in the house and outside the people of Canada have been led to expect a great deal less.

The hon. member for Bonavista-Twillingate said that we had shown our abject subservience to the Americans with regard to the Bomarc. The minister explained how the leak occurred. The announcement was made by Washington at five p.m. and the minister made the announcement later. Does the hon. member for Bonavista-Twillingate think that the parliament and people of Canada should have been given this information before the people of the United States?

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

Mr. Bell (Saint John-Albert): You would not allow one.

Mr. Monteith (Perth): You would not allow one.

Mr. Pickersgill: The hon. gentleman has done me the courtesy.

Mr. Monteith (Perth): Give him the same courtesy.

Mr. Pickersgill: I was going to ask the hon. member whether he does not think that we in this parliament are entitled to the information as soon as it is given to a committee of the United States congress?

Mr. Fairfield: Not as soon as it is given to a committee or subcommittee of the United States congress, especially when it is sitting in camera. The hon. member expects that we should have the information before the United States congress gets it.

Mr. Pickersgill: Not before; at the same time.

Mr. Fairfield: That is absolutely ridiculous. Of course, the opposition wants much of this confidential information made known to the Canadian people before the people of the United States get it. I think he is probably right that there should be a joint announcement but in this case in was almost impossible to do so because of the unfortunate leak that occurred. It was really a joint announcement in that the Minister of National Defence could not make the announcement before a quarter to six because of the time lag.

With regard to the Bomarc missile, I hope the Leader of the Opposition (Mr. Pearson) will go over *Hansard* very carefully and try to correct the impression he has given the Canadian people that the Bomarc missile is of no use and that nothing is of any use against missiles. No one has claimed that the Bomarc is an anti-missile missile.

Mr. Pearson: Of course not.

Mr. Fairfield: The Leader of the Opposition left the impression that the Bomarc was a useless anti-missile missile. It was never claimed to be an anti-missile weapon at all.

The minister explained very carefully to the rather confused opposition about the Russian bombers and their increasing activity over the past two years. It is quite obvious to our observers that the Russian bombers are doing a great deal of training. Despite the fact that there is a gap in continental ballistic missiles, we still have the danger of the Russian bombers. We have in our armament a fairly good interceptor but, as the minister explained, we cannot estimate at what point the U.S.S.R. may be in possession of a supersonic bomber, and neither can the opposition unless they get a leak from the U.S.S.R. as well, and that might be possible. In these circumstances we are obliged to have some deterrent during the period of time which is available to us, and that will probably have to be the Bomarc ground-to-air missile.

There has been no change in our policy or in United States policy as far as the Bomarc is concerned. The opposition has made great play with regard to the reduction in expenditure from $421 million to $50 million. Though the minister explained the situation very carefully, his words did not seem to have reached or penetrated the minds of the opposition. The fact of the matter is that they have every confidence in this armament. Our policy, and everyone has known it for years, is defensive, and for this reason we do not take any large share in such a field as the hon. member for Assiniboia (Mr. Argue) referred to, perhaps inadvertently, when he stated that we should become full partners with the United States with respect to mutual deterrence.

Mr. Argue: I did not say that at all.

Mr. Fairfield: You had better read your *Hansard*. I listened very carefully to the hon. member and he said "mutual deterrence". That is beyond our means. That has been explained time and time again, and I am sure the hon. member for Assiniboia will make a proper correction. In the time gap of which I have spoken we shall still be in danger from Russia bombers. We must, therefore, be in possession of this line of defence, the 14 Bomarc units. If we drop the development of these units because of the anxieties felt by the opposition the idea would wrongly be raised in the minds of the Canadian people that we do not know what they are doing, but that the opposition does; that we are no longer capable of continuing to lead the country.

I should like to see any policy other than that advocated by the hon. member for Assiniboia who tried to speak on defence on television the other night, suggesting that no matter how much the government might go into the red we should give more money away to countries abroad.

As to the figure of $125 million, I am sure it was some sort of a mistake which arose in caucus between the two opposition groups. I remember that at one time, as announced in the press by one member of the C.C.F., it was stated that it was going to cost Canada $300 million. So the figure depends merely on how receptive the political audience is, and how many people are likely to question the figures. I do not know how often this matter has to be explained to the opposition. Perhaps in the defence committee the minister could take

a blackboard and draw it and print it out in simple words. The opposition could be given copies, and then they might understand.

The minister has confidence in the Bomarc B. I have been told that the Bomarc A was tested 80 times, 82 times, in fact, before it finally became operational. There is no doubt, in my mind at least, that when there was this nonsense in the press that the Bomarc had failed it was repeated by the opposition with a great deal of relish, if not with rancour. Let us face this. The failings discovered by the research experts, despite Mr. York's remarks—he is only one of the defence experts concerned—are small failings which we are sure can soon be fixed, and this anti-aircraft missile will soon be operational.

My main worry about all this is how the Canadian people are going to take it. By their criticism and by the attitude they have taken the opposition are doing, I believe, unlimited harm. Most people do not go into these questions, except to read the headlines in the newspapers. They do not read the technical announcements which are made. A feeling of panic hits them, and they feel the situation is due to the weakness of government policy when, in fact, this is the first time we have had a policy of any fixed type for many years. If it is said that we have not done anything in the field of defence policy, I should like to remind the house of one thing, though it is probably not pertinent to this motion: What about civil defence? That, at least is receiving attention.

Some hon. Members: Oh.

Mr. Fairfield: There was a certain amount of freedom allowed to the hon. member for Essex East (Mr. Martin). He did everything but tell us about the election in 1957.

I believe that in this to-do about the Bomarc bases we must face the fact that they are all part of a defensive line. If we abandon this project, the whole line is cracked. The United States would be forced to abandon it too, because it is the centre of the line, the part most important for ourselves and the United States. Unless we do our share we might just as well abrogate any agreements we have with the United States, including NORAD.

Mr. M. W. Martin (Timmins): I suppose I, also, shall be condemned by hon. members on the government side because I have the temerity to say a few words about the Prime Minister (Mr. Diefenbaker) when he is not here. However, I am afraid that if we have to wait until he is here before we can say anything which involves him, we shall need to keep silent for a great deal of the time we spend in this house. This is not a criticism of the Prime Minister, because I know he is a busy man, but it is a criticism of government supporters who are so touchy that if anyone says anything about the Prime Minister in his absence then, right away, we hear this nonsense: you would not say that if he were here, and so on.

Today, when the Prime Minister rose and so eagerly accepted the challenge of the Leader of the Opposition (Mr. Pearson) to debate this matter of the Bomarc, I am sure we were all hopeful that at last we would get a little common sense out of this very senseless defence program we have been trying to examine for the last number of months. But I am afraid the Canadian people will be just as disappointed as I was.

I remember occasions when the Prime Minister took three hours in which to say nothing in this house, but today he succeeded in doing so in just ten minutes. In the four sessions of parliament that I have attended I never heard him say nothing so convincingly as he said nothing today. The defence he offered for the actions of this government over the past week fell flat on its face. The greatest head of steam he could work up was when he said categorically that Canada and the United States were two equals joined together. I said in this house last week that the only link joining us with the United States is the link joining the tail to the kite, and it is quite apparent that there is no communication line in that link.

The first paragraph of the interesting lead editorial in this morning's Montreal *Gazette* reads as follows:

> The issue of the Bomarc B has produced almost complete confusion among the Canadian people. Rarely, in matters of defence, has the want of understanding between the government and the people become so wide. The practice of not taking the people fully and frankly into its confidence has left the government in a position where few Canadians understand what it is trying to do, or why it is trying to do it.

If the Prime Minister's speech today was designed to restore the confidence of the Canadian people in the defence policy of this government I would say his attempt was as big a failure as the Bomarc missile.

The Minister of National Defence (Mr. Pearkes) also attempted to put up a defence today and I must confess I felt rather sorry for him although I felt even sorrier for the Canadian people. He was faced with an unhappy situation today and I might have skipped him altogether in my remarks. I listened to him carefully and his position seemed to me to be as hopeless as it was last Friday when he expressed his abiding confidence in the Bomarc B. I think we should rename it the BB because in terms of defence today it is just about as useful as a BB

gun. Perhaps it will fly some day but as a defence weapon I think it is useless and fail to see how the minister can retain confidence in it. If it ever works, it is not even scheduled to become effective until 1964 which is four years from now. If we look at the happenings of the last three years it is no wonder that the Canadian people are confused at trying to find any sense in the present government's defence policy.

In the last two and a half years what have we seen? The missile-carrying Mark VI was scrapped because we had the Arrow. The Arrow was then scrapped because we had the Bomarc and now we see the Bomarc scrapped as well. I know that hon. gentlemen opposite will say it is not scrapped and that the sum of $50 million remains in the United States kitty for this project but I recall to the attention of hon. members opposite that we still had $40 million in the kitty when the Arrow was scrapped which was just enough to sweep out the empty shell where the Arrow used to be produced and the $50 million we have in the fund today would just about dust off the sites that have been abandoned.

The Minister of National Defence today failed to answer any questions to satisfy the Canadian people or ease the minds of the opposition. I will list just a few. I wish someone on the government side would explain why we have been given different figures representing the cost of these missile bases under the Bomarc program. We were first told that the United States was going to spend $72 million on these two sites in Canada and that Canada would contribute an additional $15 million, making a total of $87 million or a cost of $43.5 million for each site. Then we had an announcement by the minister on March 7 that there were to be 18 bases in the Bomarc line at a cost of $23.5 million each. Now he says the program has not been abandoned but just revised slightly. On March 25 we were told that there would be 14 bases at a cost of $3.5 million each. Is it any wonder that there is confusion in the minds of the Canadian people?

I have been searching for some reason for the adamant stand of the Minister of National Defence and his government with respect to this project. I finally found a reason today which perhaps makes some sense. It is contained in an article by Robert Duffy which appeared in today's *Globe and Mail*. This is the first indication I have had of a reason why the government adheres so rigidly to the program which has been scrapped by the United States. The article states in part:

> Even the most cynical person here would not suggest that the government's undying loyalty to the Bomarc firework could be decided by electoral considerations. Nobody, however, has noted any tendency in the government to deal urgently with the question of whether or not the program should be revised.

The article deals, of course, with an event which may occur at the site of one of the two proposed bases in Canada, the one at Mont Laurier which is in the centre of a riding where there may be a by-election in the near future.

We have heard the government severely and justifiably criticized by the official opposition in respect to its defence program but the Liberal party has advanced no alternative. We therefore have had an indication of the similar problem we would be facing if the Liberals were in office today instead of the Conservatives.

I wish to read a paragraph from an article by Arthur Blakely, which appeared in the Montreal *Gazette* today and which reads in part as follows:

> If, however, the Liberals have devised any genuine alternative to existing policies, they have kept it under wraps. They are much more cautious than the C.C.F.'ers about a unilateral program of disarmament. And they have had some difficulty in devising an acceptable alternative to an arms policy which is at least partially of their own making.

It is fine to criticize the government but it is not enough to do so. You should offer some kind of alternative.

I am pleased to see that the United States government has accepted the view this group has been advocating, that the only possible defence is a deterrent rather than just a straight so-called defence. The Prime Minister, the Minister of National Defence and hon. member for Portage-Neepawa (Mr. Fairfield) have said that a deterrent is beyond the means of this country and that may be so, but if it is true let us face up to the fact. A deterrent is the only defence we have in sight today.

What is the sense of going ahead blindly and spending millions of dollars when all we are doing is going through the motions of defence without ever having one bit of defence for the people of this country? The government seems to think that as long as we spend money we are defended. I say, Mr. Speaker, this is not a good enough answer for the people of this country today.

Mr. Arthur Smith (Calgary South): Mr. Speaker, I should like to make one or two brief comments concerning the remarks of one or two hon. gentlemen who have preceded me and perhaps to say a word, not to enlighten them because at this stage they refuse to be enlightened by the Minister of National Defence, (Mr. Pearkes) or anyone else, but

rather to make one or two corrections in the comments they have made. When you reach an impasse in a debate, when the opposition in effect say to you, "We have made up our minds; don't confuse us with the facts", the debate merely comes to a dead stop.

We have seen an interesting performance tonight, Mr. Speaker—

Mr. Peters: The same is true of the government occasionally.

Mr. Smith (Calgary South): As an example, we have seen the Leader of the Opposition (Mr. Pearson), obviously ill-prepared, coming in here and giving us a lecture on air defence with little regard for the facts. We have seen the hon. member for Essex East (Mr. Martin), with his usual wind and fury, produce something less than his usual mouse. His chief concern apparently is that the statement read by the minister was on a United States letterhead rather than a Canadian letterhead. This was the whole point of his argument. My friend, the hon. member for Bonavista-Twillingate (Mr. Pickersgill), showed his usual lack of intestinal fortitude, which the services generally call guts, in making an attack on the Prime Minister (Mr. Diefenbaker), something that he would not have done under any other circumstances.

Mr. Pickersgill: Mr. Speaker, I am rising on a question of personal privilege. The hon. gentleman has suggested that I said things in the house this evening that I would not have said if the Prime Minister had been here.

Mr. Walker: That is right.

Mr. Pickersgill: The hon. gentleman knows perfectly well that that statement is completely untrue, and that I have said much harsher things about the Prime Minister when he was here. I might add, sir, that it is not my fault that the Prime Minister is not here.

Mr. Smith (Calgary South): I hardly think that is a question of personal privilege. I do not think it is going to be the most important factor in the debate. I merely make a comment on it because it has become rather consistent practise of the hon. member.

I wish to try to express in as simple a form as one can where the Bomarc fits into the defence system which as it is integrated and is not a single weapon, in our defence; not something on which we are entirely dependent for the continental defence of North America, but rather a component and which is in its early stages of experimentation, something which no one has denied.

[Mr. Smith (Calgary South).]

Before we examine this weapon let us remind ourselves, as the opposition, and in particular the Leader of the Opposition, failed to do, that when one talks about defence one must make some reference to all of the aspects which make up the total defence of this continent. We get the impression—and it is obviously one intentionally left by the opposition—that because this weapon has not been successful, or because the Canadian government rejected the Arrow, Canada is left completely undefended. Nothing is further from the facts and no one knows it better than the Leader of the Opposition.

I think it is safe to say that when this government, through its negotiations with the United States, introduced the defence alliance which we know as NORAD, it was the first step in continental defence that has made some sense in modern defence planning. It was quite obvious that a nation with a defence budget of $1,700 million and a population of 16 million people is not going to be able to give comprehensive continental defence either to itself or to its allies to the south. I have never been able to understand yet whether the opposition support the principle of NORAD or not, because they continually talk out of both sides of their mouths on this and other subjects.

NORAD, then, is a principle of defence upon which Canada must rely to a very large extent. I ask the Leader of the Opposition and his associates whether or not they support this principle? Second, I ask them whether or not they believe that our contribution is in any way subservient to that of the United States? It has already been clearly indicated that in Air Marshal Slemon, the deputy commander, we have the second most senior officer in the air force. In a Canadian air vice marshal we have the chief of operations. The fact is well-known, then, in this house and certainly to the Canadian people, that Canada, in relation to its contribution to all of the defence of the continent, has a far greater say in the continental defence of North America than the United States in proportion to the dollars that are put up for it.

I hope the day will come when we do not insist on dealing with questions of sovereignty in relation to defence which in effect are not questions of sovereignty at all but are introduced purely with a political motivation in order to confuse or distress the Canadian people by suggesting to them that they are going to lose their birthright. The fact of the matter is we share with the United States in the defence of the free world to a far greater extent than any other country. When we think of a budget of $1.7 million and some 16½ million people, we see the picture in its proper perspective.

Let us look at Bomarc and this cost of $15 million and relate it to an integrated system which involves three large radar chains. To the sum of $15 million must be added two groups of separate squadrons of air defence; to the $15 million must be added a complete partner which has not only the use of the deterrent through the strategic air command, but defence squadrons of Europe and, of course, of the United States; the $15 million involves an over-all pattern of defence. This is the subject matter of the debate. I suggest that the $15 million item should be brought into perspective with our own defence expenditures, $15 million in a budget of $1,700 million.

The Leader of the Opposition moved the adjournment of the debate to express a complete lack of confidence, as he said, in the defence policy, because of this principle. I am delighted to see the hon. member for Essex East back in his seat. We always welcome him and his pleasant smile. I would point out that if those in opposition are going to tell us that Canada's defence policy is related only to a single weapon in its experimental stages, which supplements a defence system which is as comprehensive as one can be in relation to that which we can afford, then it brings this debate into proper perspective.

Let us look at the history of Bomarc. First of all, we know that there were several experimental stages of the earlier edition, the model A. There were some 82 tests before it was successful. Because of certain limitations in our air defence we extended our support for NORAD by having two bases built in Canada. Through negotiations with the United States we contracted for those bases. We then agreed to take a certain number of Bomarc B's. It should be remembered, that in its early stages it may not be entirely satisfactory. This, of course, we do not deny, but we have an insurance for an amount of $15 million placed on this one particular weapon.

This is the point I should like to bring home to the house. We hear repeatedly, particularly from the hon. member for Trinity (Mr. Hellyer), expressions of regret that the government decided to cancel the Arrow contract. This is a debate that will long be remembered in this chamber. Certainly, the hon. member for Bonavista-Twillingate has never had any firm views on this subject. Certainly, the Leader of the Opposition has never at any time yet agreed with the views of the hon. member for Trinity. It was obvious to this house that the Arrow was not going to be a satisfactory weapon for the air defence of Canada. It was then up to this government to provide an alternative and to supplement the air squadrons, so this $15 million insurance item was put up for the test, to complement our air defence.

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

Mr. Smith (Calgary South): Yes, when I have concluded my remarks. Having occupied most of the time of this house in debates on defence, you can wait your turn.

So, having now in the early stages put up this $15 million out of a total budget of $1,700 million, we see these great defence critics trying to create the impression both in Canada and outside of Canada that Canada is left defenceless. Could anything be more silly, more utterly stupid than that observation by the opposition.

We have also had considerable comment from the Leader of the Opposition and his colleagues on the question of consultation. This, of course, is related to the problems, which they have described, of Canadian sovereignty and the infringement by a foreign country. The Minister of National Defence, who is responsible for the defence of this country to a large degree, gave an itemized account of the various consultations which have taken place, all of which are certainly related to his administration and which were not even conceived by the former government. These were all introduced and initiated by the present government. It seems hardly necessary for me to itemize them all again.

Certainly we have had consultations at the cabinet level; consultations between the House of Commons members and the United States senate and congress; then, through NORAD and through the senior levels of government. I took the time during the recess to ask exactly what consultations at the staff working level, if any, took place prior to the statement read by the minister to the house on Friday. I think it is important because this information would be available to anyone if they took the time to ask for it. The impression has been left that all of a sudden there was a telephone call and our Minister of National Defence then had to make a statement which was dictated by the United States and Canada had no say in it whatever.

Mr. Martin (Essex East): Hear, hear.

Mr. Smith (Calgary South): This is the impression, and the hon. member for Essex East (Mr. Martin) says, "hear, hear."

Let us look at the record. First of all, on February 24 representatives of the R.C.A.F. on the higher level met at Washington with the United States air force. On February 28 in Washington, there was a further consultation on the air defence problem, which

the R.C.A.F. again attended. On March 1, in Ottawa, a further discussion on exactly the same problem and a team of senior United States air force officers came here to meet with the R.C.A.F. On March 9 there was a further consultation in Ottawa on the same problem.

These are some of the consultations at the working level during the discussion of various changes in the policy of the United States as it might affect Canada. These are actual examples of co-operation that took place between United States and Canadian forces in determining continental defence policy through NORAD. I suggest this is exactly the type of information those in opposition might have checked before they said anything.

My friend, the hon. member for Bonavista-Twillingate, widened the debate when he said that this present government had made no useful contribution to the defence of Canada, or words to that effect. I would answer, first, of course that I am going into an area which is beyond the terms of the initial resolution, but since the subject was introduced to such an extent by the minister for Essex East (Mr. Martin) who explored almost every conceivable alley available, and by the hon. member for Bonavista-Twillingate, let us have a look at the record to see what we have done.

Mr. Pickersgill: Mr. Speaker, I am rising on a point of order.

Some hon. Members: Sit down.

Mr. Pickersgill: I am rising on a point of order. The hon. gentleman said that my hon. friend from Essex East had widened the debate. The only person who has taken part in this debate who widened the debate was the Minister of National Defence, who spoke generally about policy without exception being taken by anyone on this side. But when my hon. friend—

Some hon. Members: Sit down.

Mr. Pickersgill: I am speaking to a point of order.

Mr. Bigg: Are you writing history or interjecting?

Mr. Pickersgill: But when my hon. friend from Essex East attempted to reply in kind, he was called to order. I think the hon. gentleman should stick to the motion before the house.

Mr. Smith (Calgary South): I realize, Mr. Speaker, that you do an excellent job when you are in the chair, and for this reason I am delighted that the hon. member for Bonavista-Twillingate will never find himself in that position. Consequently, I can proceed because I am just replying to comments made by the hon. member in this respect and I shall do so quietly because I know he would like to listen. He said that this government had made no useful contribution to the defence of Canada. I wonder if he would make a checknote of these things.

First of all, he will recognize the change in the type of defence that was recommended, something which the Leader of the Opposition did comment upon when he was in the committee on defence, before the estimates committee.

Mr. Pearson: And I was not allowed to comment on it today.

Mr. Smith (Calgary South): At that time, the Leader of the Opposition left some doubt about the ability of the CF-100 in the future—

Mr. McIlraith: I should like to raise a point of order. Surely, there cannot be two sets of rules applied in this house. When members of the opposition sought to debate general defence policy they were not allowed to do so. The point has been raised by the hon. member for Bonavista-Twillingate, and I am sure we have the right to ask the Chair to deal with it.

Mr. Smith (Calgary South): May I comment on the point of order? It is quite understandable that the hon. member does not want to hear the record. I am merely replying to the charge made by the hon. member for Bonavista-Twillingate who stated that we have made no useful contribution whatever to defence. I think it is important to have it very clear on the record.

Mr. Deputy Speaker: Of course, hon. members are usually permitted to answer statements, but I would ask the hon. member not to take more time in answering this question than the hon. member for Bonavista-Twillingate did.

Mr. Pickersgill: That was one sentence.

Mr. Deputy Speaker: I would say it was very short.

Mr. Smith (Calgary South): You are, of course, being very fair. There was, of course, the re-equipment of our air division of NATO.

Mr. Pearson: That was over two years ago.

Mr. Smith (Calgary South): There was the re-equipment of our NATO allies; the establishment of consultations at the top level; United States participation in NORAD; the improvement in defence contracts with the United States; the changes and improvements

in the equipment of our navy; the re-equipping and improving of the maritime command with new aircraft; the re-organization of the militia for its new role; the addition of new mobility and fire power for our army—this record could go on for hours and hours. I have not been permitted to do so because of the rules of the house, but I could elaborate upon it. I can understand the embarrassment of the Leader of the Opposition.

There is one point. First of all, we have to decide whether or not the motion to adjourn the house is important in the sense the Leader of the Opposition really realized what he was entering into. He received information, he says, and I gather he feels that this was something to which he had not access before.

He now understands that Bomarc is only one part of an integrated defence, or I hope he does so. He now understands that while it is admittedly completely unproved it still has a potential, and that Canada's contribution is $15 million which is fairly good insurance for the type of weapon we may yet get. He will realize that Canada's defences are not in such complete jeopardy as he would lead the nation to believe. He will realize that this debate has brought before us a very important fact and it is this. The C.C F. for their part would tell us that they would want no defence whatsoever—

Mr. Argue: That is not so.

Mr. Smith (Calgary South): —that they do not believe in it.

Mr. Argue: That is not true.

Mr. Smith (Calgary South): On the other hand, the Liberals have not a single solitary suggestion to make on how to defend this country; and they are not even sure of the facts or the information with which they entered this debate. The policy of this government enunciated by the Minister of National Defence is a clear and concise example of the problem that must be faced, recognizing that we are in a transitional period and the need for flexibility and recognizing the great problems that are ahead of us. As a result of that, I am sure the Liberals have done a service to this parliament and to this country by giving this government the opportunity through the minister to give a clear indication that Canada is being well defended and well administered.

Hon. Paul Hellyer (Trinity): Mr. Speaker—

An hon. Member: Bomarc.

Some hon. Members: Oh, oh.

Mr. Pearson: That's right; shout him down before he starts.

Mr. Hellyer: I hope the time allowed for my speech will not be reckoned until the house has come to order.

I must admit that when I heard the news Friday night that the Minister of National Defence had announced to this house that the United States air force was now cutting back its appropriations for expenditures on the Bomarc installations from $421 million to $50 million and that notwithstanding this major shift in United States policy, the Canadian government intended to carry on in its announced policy, I could not believe the news. It seemed to me to be incredible that any government under these circumstances would persist in a policy which appears to be so out of keeping with the times. Indeed, it has been said that this decision is something that no government in its right mind would make.

I have here a dispatch which came from the New York *Times* of March 25. It reads in part as follows:

> Washington, March 24—The air force proposed to congress today a drastic cut-back in development funds for the Bomarc air defence missile on the ground that it was becoming obsolete.
>
> Congressional sources reported that Gen. Thomas D. White, air force chief of staff, disclosed the change in plans for the Bomarc missile in secret testimony today before the defence subcommittee of the house appropriations committee.
>
> General White, the sources reported, said the air force had decided to reduce its request for Bomarc funds in the coming fiscal year from $420 million to $50 million.
>
> The reason given for the reduction, according to the sources, was "changing military requirements" brought about by the Soviet shift from manned bombers to intercontinental ballistic missiles.
>
> The supersonic Bomarc missile, which has been under development for several years at an estimated cost of nearly $3 billion, is designed as an unmanned interceptor to down enemy bombers. It is useless against ballistic missiles.
>
> Another reason for the air force move, however, is that development of an advanced version of the Bomarc, known as Bomarc B, has run into serious technical difficulties that have delayed the time when it will be ready for operational use.

In other words, Mr. Speaker, it has become obvious during the testing program of this missile that it will not be operational in time to fill the function for which it was being designed, namely to fill that important function in the defence of the North American continent against the manned bomber in those days or years before the Soviet has sufficient missiles to send against all major North American targets.

The reasons the United States gave for cancelling this program were, first of all, that it is becoming obsolete; not, as the minister said this afternoon, for other reasons but that it is becoming obsolete. That

was their first reason. Then the second reason that I have just read from this Washington dispatch in the New York *Times* was technical difficulties in development. The third reason is the fact that the Bomarc missile bases are so vulnerable to missiles; I refer not only to intercontinental ballistic missiles but also missiles fired from manned bombers from several hundred miles away.

There have been seven tests of the Bomarc B, this weapon upon which the Canadian government places its defence future; and in each case the tests have been failures. The minister has told us that he is optimistic and he continues to take that attitude. The eighth test is scheduled for some time this coming week. We shall be greatly interested to see whether it flies. If it does so, I suppose we can expect a tremendous barrage of propaganda. The minister will get his propaganda gentlemen here, they will have pictures in all the newspapers and on television and they will say that at last the Bomarc has become a success because it has managed to get off the ground.

Even if the eighth one should fly, even if the eighth missile should manage to get off the ground, there is still a great deal of testing to be done before it can be called an operational weapon. That fact has been made patently clear by the evidence given by the United States military authorities. There is still the problem of finding its target and, once having found the target, of proceeding to the target and of intercepting a supersonic bomber or indeed a supersonic missile fired from a bomber. These, as Dr. York has told us, are major technical problems which have yet to be overcome.

It is because of these major technical problems that the United States air force now believes this weapon may not and in fact will not be available in time to do the job for which it was intended. Even if it should become an operational weapon at some time in the distant future, the bases are still vulnerable to missiles. They are fixed installations and as such offer no promise of a defence capability as far as the North American continent is concerned.

At the same time we were advised by the United States military authorities that they are taking a second look at interceptors. Indeed, some of the money which is being saved because of the cut-back in this program is being diverted to improve United States interceptor capabilities, to improve the effectiveness of the Century class of interceptors. We had an interceptor in this country and it was infinitely superior to the Century class of interceptors. But what happened to it? What happened to the Avro Arrow? What happened to the one thing Canada was developing on its own which was to fit into the NORAD plan, which was to fit into the plan of integrated defence of the North American continent against manned bombers?

We were told again tonight by the hon. member for Calgary South (Mr. Smith), who is now elsewhere, that much has been said about that great interceptor in this house. We know what happened to it. It was scuttled and the remains were cut up with acetylene torches. It was buried before it had the opportunity to be properly proven.

Mr. Spencer: It should never have been born.

Mr. Hellyer: "Never have been born", my hon. friend says. One thing different about it was that it was a live baby. It flew from the first test. It had real possibilities and unlike this adopted child we are now getting from the United States it was not stillborn and grotesque.

Mr. Walker: Pure imagination.

Mr. Hellyer: This afternoon the minister said that these proposals from the United States are tentative. If I have his words correctly, he said that the program has not yet been fixed. He said that it is not a plan which has been accepted by congress, at least, that the committee has not had the opportunity of hearing General Kuter, the commander in chief of NORAD, on the final proposals, that he has not been able to give his evidence before the subcommittee. It will be a long time, the minister told us, before this plan is finally approved. It must go to the committee on appropriations. It must go to congress. Congress may make radical changes in the proposed plan. It is a tentative plan, the minister told us.

Now he is back to the position he took last Friday morning when he told us that the reports from Washington were speculative, that they were rumours emanating from closed sessions. On Friday afternoon we thought he had given us a statement which was presumably a statement of fact. Today he comes back and says that the plans are just tentative, that they have not been completed, that congress has not yet had the opportunity of dealing with them and, in addition, the committee has not yet heard General Kuter, the chief of NORAD.

It is surprising to some of us to see this recently acquired interest by the government and the Minister of National Defence in the opinions of the NORAD chief. Our government and our Minister of National Defence did not pay any attention to him when he recommended that we carry on with

the production of the Avro Arrow. They did not pay any attention to him when he came and asked that we re-equip our air defence squadrons with supersonic planes.

Mr. Walker: On a point of order, Mr. Speaker, is the hon. member allowed to carry on with this discredited old alibi of the Avro Arrow, which is a broken, worn record, in a debate of this kind dealing with a specific matter?

Mr. Habel: It hurts.

Mr. Pearson: Mr. Speaker, on the point of order, you will recall that this afternoon the Minister of National Defence traversed the whole field of defence. The Minister of Public Works (Mr. Walker) may not wish to give us the same privilege but I suggest to you that the hon. member who is speaking has exactly the same privilege as the Minister of National Defence.

Mr. Speaker: I was following the remarks of the hon. member for Trinity who has the floor. He referred to the choice of the Bomarc as against the Avro Arrow. It seemed to me that one could scarcely say that his remarks were irregular or beyond the scope of the debate.

Mr. Hellyer: Mr. Speaker, we think it is surprising that the government, which has repeatedly turned down and ignored the advice of the chief of this collective arrangement about which we have heard so much in the last two or three days, should now be very much interested in the advice he is going to give to congress, that they should now be in the position of waiting with bated breath for him to come to the rescue of their pet project, the Bomarc missile.

Mr. Grafftey: Nonsense.

Mr. Hellyer: The gentleman who is the chief man in NORAD may in fact tell congress that he wishes he had more funds for the Bomarc program but his chief has recommended to congress that this cut take place, and that is the position in which we find ourselves at the present time. The government of Canada paid no attention when they were advised to do certain things and now they are very much interested in getting some support from that same quarter.

It is interesting that our government, when the policy of the United States was to proceed with a more comprehensive program of continental air defence against manned bombers, contracted out. We said that we would no longer do the things we were best capable of doing, that we would no longer carry on with the project which was undertaken by us as our contribution to this total defence effort.

But now that the basic policy has changed in Washington, when they have finally come to the conclusion that the threat from the manned bomber is diminishing and that funds should be diverted to greater expenditure on intercontinental ballistic missiles, when the United States realizes the vulnerability of fixed installations such as the Bomarc to missilry, then our government does a complete somersault and says that now that the United States has changed its basic policy we want to contract in. When they needed us, when the plan was more comprehensive, we were out but now that the plan is washed out practically in its entirety we want to contract back in.

This raises a very interesting question as to why our government would take this rather inexplicable attitude. The Minister of National Defence (Mr. Pearkes) told us this afternoon that fundamental changes have taken place, that we are in a period of transition unequalled at any time in history. He told us that it was almost a platitude to say this. A few minutes later the Prime Minister (Mr. Diefenbaker) said, "This is not a basic change". I ask you, Mr. Speaker, which one is giving us the correct information, the Minister of National Defence when he says that we are going through a period of fundamental change greater than in any other period in history or the Prime Minister when he told us just a short time later that this was not a basic change? The inconsistency of their positions was obvious.

The minister went on to spend much time discussing defence policy generally. He also spent much time talking about United States programs that had been scrapped. He did not say very much about the points at issue today. It is inevitable that some programs will not come to fruition; that in a group of programs some will not turn out to be satisfactory. Some money is bound to be wasted when a country or a group of nations attempts to cover the waterfront, as it were, in defence matters. But it is one thing to waste money on defence and it is something entirely different to waste money deliberately. In my opinion, further expenditure on Bomarc sites for Canadians at this period is a wanton and wasteful expenditure of the Canadian taxpayers' money. We cannot condone useless expenditure at this point.

If I may, I should like to comment on a point raised by the hon. member for Assiniboia (Mr. Argue) this afternoon. He quoted me as having said "No" on a television broadcast yesterday when I was asked if I believed there should be a reduction in defence expenditure. The hon. member went on to say

that I had said there should be more expenditure on defence. The hon. member is not in his seat. I was going to give him this opportunity to set the record straight. What I said was that the hon. member for Assiniboia had got the cart before the horse in my opinion and that first of all we should find out if there were necessary and useful things which we should be doing. If there were, it was our responsibility as a partner in this collective defence agreement to do them. If there are no expenditures which can usefully be made, it would be time to take the decision to cut defence spending. This is planning, and in this party we believe you must have the facts before making plans, and we are surprised that the hon. member for Assiniboia should take a different view and do it the other way round.

The Minister of National Defence told us this afternoon that this reduction of expenditure by the United States was minuscule. Since when was $371 million minuscule? He will say that he was referring to the expenditure of the United States government—

Mr. Pallett: You were not here. He never said that.

Mr. Pearkes: I yet have not the word the hon. member is using.

Mr. Hellyer: It is in the notes that I have, and I presume it is correct.

An hon. Member: It is not correct.

Mr. Hellyer: I copied it from a press reporter's report.

Mr. Pearkes: Do not put words into my mouth.

Mr. Hellyer: If it is not the correct word, perhaps the minister would give me the word he used.

An hon. Member: Why should he help you?

Mr. Hellyer: Since when was $371 million minuscule? Nor is the expenditure of $15 million of the Canadian taxpayers' money minuscule. It is a colossal waste when spent in this way. The hon. member for Calgary East—

Mr. Smith (Calgary South): Calgary South.

Mr. Hellyer: —kept repeating the figure so often—Mr. Speaker, I am trying to get the constituency correct, and if I do—

Mr. Smith (Calgary South): It would be the first time tonight that you have got anything right.

[Mr. Hellyer.]

Mr. Hellyer: The hon. member kept repeating the figure of $15 million. This was all the money Canada was spending, and he said it was a small sum.

Some hon. Members: On the Bomarc.

Mr. Hellyer: Yes, on the Bomarc, but how about the rest of the SAGE system? How are you going to control it? Are you just going to push the missiles out there and let them fly without direction? Is that what the government proposes to do? The hon. member has been trying to create the impression in the country that we are only talking about $15 million; we are talking about $125 million.

An hon. Member: Your figure.

Mr. Hellyer: That is the figure which both the Minister of National Defence and the Prime Minister put on the record.

Mr. Pearkes: Would the hon. gentleman at least give me the quotation to which he is referring when he says that I had stated that the Bomarc was costing this country $125 million?

Mr. Hellyer: I see a number of the minister's high-priced help in the gallery. Perhaps they could look it up for the hon. gentleman.

Mr. Pickersgill: It was put on the record this afternoon.

Some hon. Members: No it was not.

Mr. Hellyer: What the Minister of National Defence said was that the SAGE-Bomarc; Canada's contribution to the SAGE-Bomarc system, would cost from $110 million to $125 million.

Some hon. Members: No.

Mr. Hellyer: A reduction from the figure of $135 million used by the Prime Minister earlier on. At page 928 of *Hansard* appears the following:

> Hon. G. R. Pearkes (Minister of National Defence): On July 2, in the same connection, I mentioned that the total estimated cost was $125 million covering two Bomarc stations, SAGE and the gap fillers and so forth.

Mr. Pearson: All part of the system.

Mr. Hellyer: These are the minister's own words.

Mr. Speakman: On a point of order—

Mr. Speaker: The hon. member should raise a point of order from his own seat.

Mr. Hellyer: These are the minister's own words, and this covers the whole system. You cannot just put a missile on a piece of concrete and have it fly itself. There must be some direction.

Mr. Pallett: On a point of order, the hon. member for Trinity has read the answer from the Minister of National Defence purporting to appear on page 928. In order that he may not be guilty of misleading the house, would the hon. member care to read the question to which the answer was given?

Mr. Hellyer: I should be glad to have the hon. member read the whole speech, or question, or whatever it was, when I have finished.

The record stands that the system which is to control the Bomarcs, and the interceptors which Canada has not got because the government turned down the earlier advice of the NORAD chief, is to cost $125 million. It does not matter how many pieces you cut this into, this is the total as given by the minister. If he wishes to change the record he will have plenty of opportunity to do so when this much talked of committee on defence expenditure holds its sittings.

The minister told us that this minuscule reduction of $371 million should be considered in relation to the total United States expenditure on this missile of something more than $2 billion. What the minister did not tell us is how much of that $2 billion or more has already been spent.

Mr. Pearkes: May I correct that statement? I said there were hundreds of millions of dollars left.

Mr. Pearson: You said you did not know the figure.

Mr. Hellyer: So we are told there are hundreds of millions of dollars left. The minister did not say how much was required for the further testing of this missile.

Mr. Walker: Hundreds of millions.

Mr. Pickersgill: That is the first intelligent observation from the Minister of Public Works.

Mr. Hellyer: But what if it takes longer and costs more to develop and test the missile than was anticipated? What is to be used for the appropriation if this extra testing is necessary?

Mr. Pearkes: Nothing from the Canadian budget.

Mr. Walker: May I ask the hon. member for Trinity a question? Does he object to the expenditure of $15 million on the Bomarc development where there has been a United States national defence expenditure of $2.2 billion? Does the hon. member object to that, and want us to retire from this part of the defence policy?

Mr. Hellyer: I think the record speaks for itself. It was only last Friday that I moved in the house that the expenditure of this government be reduced by the amount necessary for the Bomarc installations.

Mr. Walker: What have you got to substitute?

Mr. Pearson: Something that would work.

Mr. Hellyer: The minister told us there is lots of money available—

Mr. Pearkes: When did I say that: please quote me.

Mr. Pearson: You said hundreds of millions.

Mr. Hellyer: Is the minister now indicating that there is not enough money available to continue this development?

Mr. Pearkes: On a question of privilege, Mr. Speaker, hon. members are questioning me now about the expenditure of another country. I cannot be expected to know every detail of the expenditure which may be voted by the United States and to answer questions as to how much more money is to be spent.

Mr. Hellyer: Mr. Speaker, with respect I submit that the minister should be able to answer every detail because every detail is relevant to the continental defence of North America.

Mr. Pearkes: I have no right to answer with respect to every detail.

Mr. Hellyer: Every detail is relevant to the question as to whether or not the government should proceed with the expenditure of the Canadian taxpapers' money to instal two Bomarc squadrons, because if there are not sufficient funds available in the United States to continue with the production, development and testing of these missiles, what will we have? All we will have will be two huge concrete monuments, one to the Minister of National Defence and one to the Prime Minister.

The dispatch reads:

> Under the air force's modified continental air defence plan announced Friday, some development for the Bomarc B would be continued, but production plans would be cut to the bone, with the exception of the two squadrons of the Bomarc B to be produced for the Canadian government.
>
> Even the planned 16 United States squadrons of the shorter range liquid-fuelled Bomarc A are to be cut to 12, and the costly electronic aircraft warning and alert system known as SAGE will be reduced to divert more funds to intercontinental ballistic missiles and giant radar and satellite warnings systems against long range enemy missiles.
>
> Some Bomarc A squadrons—this missile has a range of some 200 miles against 500 for the B model—are in operation. The original air defence program called for gradual replacement of the Bomarc A with the solid-propellant B model as it reached production stage.
>
> Now there is doubt in the United States air force whether any B models will ever be introduced into

the American system, though plans are continuing to provide Canada's two squadrons at Mont Laurier, Quebec, and North Bay, Ontario.

Mr. Pallett: Mr. Speaker, would the hon. member indicate the nature of the document from which he is reading?

Mr. Hellyer: Yes, Mr. Speaker. It is a dispatch by the Canadian Press writer, Harold Morrison, and it is a Canadian Press dispatch.

Mr. Pickersgill: From Washington.

Mr. Hellyer: The Minister of National Defence seems to be the only one whose confidence in this project is unshaken with the exception of some of his supporters on the benches opposite who have not given the matter as much thought as they might have.

Mr. Nesbitt: Where did you get your information?

Mr. Pickersgill: We certainly did not get it from the government.

Mr. Hellyer: The minister has told us that he has confidence and that he had no reason to believe otherwise. That is not what the records shows. Let me read from the *Congressional Record* of the United States house of representatives—

An hon. Member: We are in Ottawa, not Washington.

Mr. Hellyer: From the standpoint of our defence policy you would never know it. I wish to read from testimony given to the committee on defence appropriations by Hon. Thomas S. Gates, Jr., secretary of defence, as follows:

> Now, it might be well before this budget is spent or committed further—I mean in the course of the fiscal year 1961—that we have another reappraisal. Such a reappraisal might change the emphasis on certain factors, in which case there might be a change in the air defence plan. I know there have been some further studies on the air defence problem—not along the lines of the F-108, but along the line of reconsidering the continued use, in numbers, of aircraft interceptors. One of the reasons for this is that the Bomarc sites themselves are vulnerable, as fixed sites, to good accurate missiles. An enemy could put a few missiles on a Bomarc site and thus knock out an important part of our continental air defences. Perhaps fighter squadrons because they are mobile will continue to have their usefulness as a supplement to Bomarc.

Has any evidence presented ever been a greater indictment of the defence policy of this government than the evidence I have just read, given by defence secretary Gates?

Mr. Browne (Vancouver-Kingsway): Would the hon. member permit a question?

Mr. Hellyer: After I have finished.

[Mr. Hellyer.]

Mr. Monteith (Perth): The hon. member for Bonavista-Twillingate wouldn't either.

Mr. Hellyer: The evidence shows that reconsideration was being given in the United States months ago, yet when we in this house pleaded with the minister and the government to reconsider all we were given were bland and fatuous assurances that all was well and that the policy of Canada was now in complete accord with that of United States, and that we were now able to repel attack. These were the assurances given us by the minister who has a misplaced confidence in this missile program. We cannot understand why the government insists on going ahead with this program. There must be some reason for the government's intransigence. There must be a reason for it but what it is we have yet to determine.

One hon. member suggested a possible reason tonight, the one raised by a columnist in one of this morning's papers, that this decision had some reference to a future by-election.

Some hon. Members: Oh, oh.

Mr. Pearkes: You ought to be ashamed of yourself.

Mr. Hellyer: Yes, it is indeed difficult to believe that this government would stoop so low. A more likely reason is that the government is in a position where it must save face.

When this government took office in the summer of 1957 one of the first acts it undertook was to cancel the CF-100, Mark VI, which was to replace the CF-100 now in service. It cancelled the CF-100, Mark VI because it had the infinitely superior Avro Arrow which was coming along and it said the CF-100, Mark VI would be obsolete. It therefore decided to cancel the CF-100, Mark VI, and carry on with the new and greatly improved and highly promising Avro Arrow program. Later on, the Prime Minister said they were reconsidering the Avro Arrow program. Then we all remember the sad day in February when the Prime Minister rose in this house and said the Avro Arrow was obsolescent and so had to be cancelled, and this was done, despite his promise, without any warning. It was announced that we had an alternative in the Bomarc. I was interested to hear the hon. member for Calgary wherever it is—

Mr. Pearkes: Calgary South.

Mr. Hellyer: —say tonight that it was an alternative.

Mr. Pearkes: You do not know where you are, you are completely lost.

Mr. Monteith (Perth): That will help you out in Alberta.

Mr. Hellyer: The hon. member for Calgary South said it was the government's substitute for the manned interceptor. It was to protect Canadians from attack by air from manned bombers. Hon. gentlemen opposite first cancelled the Mark VI to make way for the Arrow and then cancelled the Arrow to make way for the Bomarc and now they do not know where to turn for there is nowhere left to go.

Mr. Pearkes: We are keeping straight on.

Mr. Hellyer: You would turn somewhere else if there was any possible place for you to go, but how could you stand up and say to the Canadian people, "We are going to cancel the Bomarc for the infinitely better bow and arrow," because that is just about the position you are in at the present time. Hon. gentlemen opposite are like babies on the day of birth, completely without air protection whatsoever. This is the end of the cycle as far as the government is concerned. We have no protection from manned bombers, from intermediate range ballistic missiles launched from the sea or from intercontinental ballistic missiles.

Mr. Hees: And we have no protection against you.

Mr. Hellyer: The government's air defence program is washed up and wiped out like this government's defence policy and hon. gentlemen opposite might just as well cancel it out forthwith.

Mr. Roger Parizeau (Lake St. John): Mr. Speaker, before entering on the subject of the Bomarc I should like to read from *Hansard* of February 10, 1960, at page 927, a question asked of the Minister of National Defence (Mr. Pearkes) by the hon. member for Trinity (Mr. Hellyer):

> I should like to direct a question to the Minister of National Defence. The minister told the house today that the cost to Canada of the Bomarc sites would be reduced to about $15 million as the result of a change in design. Can the minister tell the house what the total cost will be of the whole program, the gap fillers, the SAGE electronic control system, and the Bomarc stations?

In reply, the Minister of National Defence said:

> On July 2 in the same connection I mentioned that the total estimated cost was $125 million, covering two Bomarc stations, SAGE and the gap fillers and so forth. That is a realistic estimate and, of course, it may be reduced a little now that the estimated cost of the Bomarc installations has been reduced.

That is the answer to the question raised by the hon. member for Trinity.

Mr. Hellyer: That is exactly what I said; I read the whole sentence.

Mr. Speaker: Order. I am afraid there are too many who want to join in this debate at all times. The hon. member for Lake St. John has not much time left.

(Translation):

Mr. Parizeau: Mr. Speaker, I listened with great interest to the speeches of hon. members of the opposition, and I found, which did not surprise me in the least, they were utterly confused because of their complete ignorance of defence matters and, no doubt, because of the surprise they got when the government allowed them to discuss the Bomarc missile and our relations with NORAD, matters which they were not at all ready to deal with.

As far as I am concerned, I am asking myself the following questions: Should we completely abandon all defence against the bomber menace? If Russia should decide to attack America, should we let ourselves be destroyed? Today, we are able to establish Bomarc bases cheaply. Tests with this defensive weapon are costing the Canadian taxpayer absolutely nothing and we trust that when completed the weapon will give us good protection. As a matter of fact, in case of an attack by 25 enemy bombers, the Bomarc could destroy about twenty of them before they reach their target, while another wave of shorter-range missiles could destroy the other four or five. The Bomarc is therefore the most efficient weapon we know of against manned bombers.

But, you may say, why not scrap the Bomarc if the potential enemy seems to have stopped producing bombers? I suggest, Mr. Speaker, that as long as Russia has at its disposal about 10,000 intercontinental bombers, we must take the necessary means to defend ourselves against that threat, and the necessary means, in my opinion, is the Bomarc B.

Opposition experts—that is, the hon. members for Essex East (Mr. Martin), for Bonavista-Twillingate (Mr. Pickersgill), for Trinity (Mr. Hellyer) or the Leader of the Opposition (Mr. Pearson), whose great experience comes no doubt from their long years of service in the Canadian army—claim that the Bomarc is inefficient. On what basis do they make this assertion? Is it because seven tests on the Bomarc B have ended in failure? Do they not realize that the Bomarc B is to become operational only around 1963 or 1964, which gives enough time to Boeing aircraft experts to improve it at the expense of our American allies? Do they not also realize

that a weapon of such precision cannot be put into production after a single test, when it takes years of testing to make a modern aircraft perfectly safe? And incidentally, let me point out that the Avro Arrow had not yet proven itself after a number of tests.

Opposition members would expect American engineers to perform a miracle in successfully firing the Bomarc B at the first test. If the Russians boast of their successes, you may be sure that they never tell about their failures, even though they had many of them before their recent achievements. I do not believe that by reducing the number of bases from 18 to 14, including the two in Canada, the Americans want to show that they no longer have confidence in Bomarc B; I am rather inclined to believe that they tend to direct their efforts towards offensive rather than defensive weapons.

As for us, Canadians, who have always favoured a defensive policy—and it is good that we should stick to it—it is hard to imagine Canada attacking some other country. It is true that the Liberal government of 1939 had seen fit to declare war before London had done so. But I am sure that this government would not do such a thing. Our advantages in keeping Bomarc for our defence lie in the fact that Bomarc B requires little money to provide protection for our industrial centres. And even if Bomarc were to be scrapped in 1970, I am sure that we would have had a good protection during those ten years, at an average cost of $1,500,000 a year. I am convinced that, as a result of the wisdom of the Department of National Defence and of our alliance with the United States in NORAD, we will always find a way to get adequate protection for Canada.

I am convinced that despite the complaints of the hon. members of the opposition and despite their confusion, Bomarc would be useful to the people of Canada in the event of enemy attack.

(Text):

BUSINESS OF THE HOUSE

Mr. Pickersgill: Before you leave the chair, Mr. Speaker, perhaps the leader of the house will indicate what the business will be up until Thursday evening?

Mr. Churchill: For tomorrow, Mr. Speaker, for the period 2.30 to six o'clock we shall have the motion standing in my name, which is a reference to the standing committee on agriculture and colonization to examine into the delivery of grain to feed mills in the prairies, item No. 246 on today's order paper. It will be followed by item No. 239 on today's order paper, which is a resolution in the name of the Minister of Public Works, dealing with an amendment to the Trans-Canada Highway Act.

At eight o'clock the Minister of Finance will be available to continue the study of the final supplementary estimates. I am not able to forecast the events for Wednesday and Thursday.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

MID-CANADA RADAR LINE TENDERS

Question No. 86—**Mr. Argue:**

1. Were tenders called for construction of the mid-Canada radar line?
2. If so, (a) what companies submitted tenders; (b) what was the amount of each; (c) on what date were tenders called; (d) who was the prime contractor; (e) on what date was the contract signed; (f) what were the terms of the contract; (g) who signed it?
3. On what date was construction (a) started; (b) completed?
4. What was (a) the estimated cost; (b) the total cost; (c) what amount has been paid to the prime contractor?
5. Was the government rendered an account by the prime contractor for overtime worked by engineers and inspectors during construction of the line?
6. If so, (a) what was the number of engineers and inspectors employed by the prime contractor on the line; (b) what was the total amount of overtime charged for (i) engineers; (ii) inspectors; (c) what was the total amount of money paid the prime contractor for this purpose, on what dates, and on what date was each account submitted?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1 and 2. Three (3) contracting agencies were involved in the construction of the mid-Canada line—(1) Department of Defence Production, (2) Defence Construction (1951) Ltd., (3) Trans-Canada telephone system, who appointed The Bell Telephone Company of Canada, one of their members, as project agent in the management function.

Department of Defence Production performed its normal procurement function, placing the management contract, equipment, airlift, installation and petroleum products contracts, and some consultant and engineering contracts to assist the design authority.

Defence Construction (1951) Ltd. was responsible for placing the construction contracts—i.e. buildings, roads, runways, structures and tractor train transportation requirements.

1 and 2. Trans-Canada telephone system, the management contractor, was accountable to the Department of Defence Production and Defence Construction (1951) Ltd., and was responsible for:

Co-ordination and implementation of all aspects of engineering, construction and installation of the system, sealift operations and transportation.

Field supervision of Defence Construction Ltd., construction contracts.

Questions

The Department of Defence Production placed some 495 prime contracts, to the following indicated values:

(1) Management contract, $50,211,000; (2) Signals, wireless and towers, $38,089,026; (3) Petroleum, oil, lubricants, $4,298,683; (4) Mechanical equipment, $1,672,106; (5) Diesel power generation equipment, $4,437,078; (6) Transportation and barges, $13,159,083; (7) Miscellaneous purchases, tools, etc., $215,350; (8) Engineers and consultants, $330,363; (9) Interim maintenance, $2,572,393.

Defence Construction (1951) Ltd. placed nine (9) major construction contracts to the estimated value of $91,692,790.

The management contractor placed subcontracts for goods and services, 273 of which exceeded $10,000 each, totalling $19,996,165.

Department of Defence Production prime contracts: Management contract.

Tenders were not called for in the selection of the management contractor. The mid-Canada line is a system comprising doppler detection equipment, which is similar to radio relay communications equipment, and the necessary lateral, rearward and air-ground-air communications equipment.

After a great deal of study and consultation with the armed forces, industry, and experts in the communications field, it was established to the satisfaction of the Department of Defence Production that the employment of one company in the commercial communications field to manage the project was the most efficient way in which to carry out a project of this magnitude and complexity. The organization in Canada, which most satisfactorily filled the requirements for a management contractor, was the Trans-Canada telephone system. This system comprised all the major provincial and commercial telephone-operating companies and was organized primarily to allow a smooth, efficient and reliable transcontinental telephone system to be achieved. It was because of this that the Department of Defence Production considered the Trans-Canada telephone system the best organization to fulfill the requirement for co-ordinated systems engineering, planning, provincial know-how and the means to bring a large body of experienced and proven communications people together.

On April 23, 1954, Trans-Canada telephone system was requested to submit a proposal on phase one of the work, which included an implementation plan of organization and a master time schedule for the project, together with siting and other field surveys, as requested by the R.C.A.F. design authority. This phase of the work was implemented by letter of intent, dated June 25, 1954, which

was superseded on November 5, 1954, by a purchase order. Phase two of the work, i.e. the actual construction of the mid-Canada line, was implemented by a subsequent amendment to the purchase order, dated May 10, 1955. The contract provided for the actual costs incurred, calculated in accordance with costing memorandum DDP 31, as determined by cost inspection and audit division, office of the comptroller of the treasury, Department of Finance, plus sales tax where applicable, plus a management fee of $1,750,000, of which 10 per cent was to be withheld until completion of the work, the remaining 90 per cent to be paid in 24 equal monthly instalments, commencing February 28, 1955.

All the terms and conditions of the above-mentioned letter of intent and contract were incorporated in a formal agreement between the department and the Trans-Canada telephone system which was executed on June 21, 1957.

The above-mentioned letter of intent and the formal agreement were signed by Mr. D. A. Golden, deputy minister, Department of Defence Production. The purchase order, as amended from time to time, was signed by various officers of the Department of Defence Production.

The remaining 494 prime contracts, issued by the Department of Defence Production, were awarded on the basis of:

(1) As a result of competitive tender—387 contracts, estimated value, $36,555,067.

1 and 2. Department of Defence Production Prime Contracts.

(2) Negotiated with a supplier in the most favourable position to supply because—

(a) Only company having previous manufacturing experience.

(b) Delivery implications.

(c) Sole Canadian source of supply—107 contracts, estimated value, $25,646,621.

Of these 494 contracts, 164 for charter of aircraft were based on charter tariff rates and 271 were awarded on a firm-price basis with profits not exceeding 10 per cent. The remaining 59 contracts were awarded on a (i) fixed time rate, (ii) cost reimbursable, (iii) ceiling price basis, with a profit allowances varying between 6¼ per cent and 10 per cent.

Defence Construction (1951) Ltd. Prime Contracts:

The construction of the mid-Canada line was undertaken progressively as plans and specifications for sites, buildings and services were developed. Lacking firm constructions plans and specifications, Defence Construction (1951) Ltd. was obliged to select prime construction contractors on the basis of: (i) past experience, (ii) knowledge of conditions in the north, (iii) availability of experienced personnel, (iv) ownership of sufficient equipment of a proper type, (v) geographical location.

All construction contracts provided for the actual costs incurred, calculated in accordance with costing conditions DCL-31, as determined by cost inspection and audit division, office of the comptroller of the treasury, Department of Finance, plus fixed fees varying from 2.72 per cent to 5.25 per cent, depending upon the magnitude of the project.

1 and 2. Defence Construction (1951) Ltd. Prime Contracts:

Defence Construction (1951) Ltd. also made funds available to the management contractor in the amount of $1,331,780 to provide miscellaneous defence construction (1951) Ltd. requirements—i.e. transportation, materials, etc. No fee was attached to this service.

In addition, forty minor contracts covering freighting, small tractor train operations and minor local construction were placed in the amount of $2,359,000.

Management Contract Subcontracts:

The management contractor's subcontracts covered a wide variety of requirements. The demand for aircraft, ships, engineers, consultants, etc. for construction of the mid-Canada line was such that Canadian sources of supply, already heavily engaged in commercial and other defence work, were taxed to the limit of their capabilities.

Major requirements provided by management contractor subcontracts were:

(i) Aircraft charter subcontracts, to the value of $3,393,954, were placed with a total of 20 aircraft-operating companies at fixed tariff rates.

(ii) Ship charters, in the total estimated amount of $3,823,000, including stevedoring, wharfage and insurance charges, were placed at fixed daily rates or fixed tonnage rates.

(iii) Consultant subcontracts, in the total estimated amount of $2,026,065. These subcontracts were negotiated with firms with proven ability to perform, specialized experience in a particular field or by virtue of the fact that the firm had provided plans to the R.C.A.F. for similar applications, which required only minor modification for application to the mid-Canada project. The rates for consultants were governed by the professional institutes in the various provinces.

(iv) Engineers and inspectors required to supplement the management contractor's staff, both in Montreal and in the field, were subcontracted to the total estimated amount of $3,092,000. The demand for assistance in these

functions was such that firms capable of supplying supplementary help to the management contractor were selected, for the most part, on the basis of availability of qualified staff.

3. (a) Phase one of the work, approximately June 15, 1954, phase two of the work, on January 1, 1955.

(b) The R.C.A.F. issued the acceptance certificate to the management contractor on May 5, 1958.

4. (a) The management contractor's first estimate, contained in his first quarterly forecast of May, 1955, was $169 million.

(b) The total cost is $227,718,302, which amount includes: (i) the value of helicopter aircraft, (ii) Department of Transport sealift, (iii) Five (5) Department of Defence Production prime contracts in the total estimated value of $10,443,473, for which final government audited costs are not yet available. (iv) provision of $500,000 reserve allowance to provide for some outstanding government contingent liabilities arising from the construction of the mid-Canada line.

(c) The management contractor has been paid $49,722,118. Reconciliation of the final audit report of the management contract and its respective subcontracts, however, indicates that a further payment of approximately $20,000 is owing to trans-Canada telephone system.

5. Because of the urgency and the remote location of the work, a basic sixty-(60)-hour work week was established for all construction trades. The amount of overtime was, therefore, minimized. Time sheets and payroll records for the trades concerned identify authorized overtime, where applicable. These records were government audited but separate accounts for overtime, as opposed to regular time, were not rendered by the contractors.

Generally, engineers and inspectors in the field were paid a monthly salary. This salary was for a minimum sixty-(60)-hour week, plus whatever additional time was required to meet the demands of the program, with no additional compensation to the individuals concerned. Certain programmed overtime worked by engineers at headquarters locations was paid for at straight time rates, pay for this being a *pro rata* extension of the pay for the normal work week. No separate billing for this work was rendered.

6. (a) The maximum number of consultants, engineers, and inspectors employed on the project by the management contractor at any one time was 355.

(b) and (c) As outlined in 5 above, it is not possible, without a detailed analysis of all time sheets, to provide figures on the exact costs of overtime. In view of the basic sixty-(60)-hour work week and the monthly salary rate basis referred to above, payment of overtime is not considered a significant factor in the over-all cost of the mid-Canada line project.

DEFENCE PRODUCTION CONTRACTS—1958-59

Question No. 202—**Mr. McWilliam:**

1. What was the total of all contracts awarded by the department of defence production during the fiscal year 1958-59?
2. What was the total awarded to firms in each province during the same year?
3. What was the percentage value of said contracts awarded to each of the provinces during the year?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. $663,355,000 net value. The net value includes the value of amendments which increased or decreased existing contracts as well as the value of new contracts issued.

The total net value of contracts placed by the Department of Defence Production as shown is less than the total net value of contracts placed in Canada in 1958-59 because of some large terminations of contracts placed outside Canada in previous years (for example, those associated with the Astra integrated electronic system and the Sparrow missile which were terminated in September, 1958) and because of some large reductions in the value of certain older contracts for government-furnished aircraft equipment. The figure shown includes the net value of contracts placed by the department on behalf of the Department of National Defence, on behalf of other requisitioning agencies (such as the Canadian Commercial Corporation) and on its own behalf (such as for the care, maintenance and custody of standby defence assets and for capital assistance).

2 and 3. The province in which a head office contract is included is based on the mailing address to which the contract is sent and does not necessarily indicate the location at which the work is performed. For example, contracts placed with head offices in centres such as Montreal and Toronto, or with offices located in Ottawa, are often directed by the companies concerned to plants which may be located in other parts of the country. Nor do the figures for the provinces take into account the large proportion of subcontracting that is inherent in this type of work, or allow for the source of raw materials going into the contracts.

It is not practical for the department to maintain precise statistics on the provincial distribution of its district office contracts because of the very large number of contracts

involved. However, as the vast majority of these contracts are placed with local firms, the amounts placed by the offices are a good measure of the value placed in the provinces in which the district offices are located.

(a) The net value of head office contracts placed in each province during 1958-59 and the percentage for each province of the total placed in Canada are as follows:

Province	Net Value $	Percentage
Newfoundland	460,000	0.08
Prince Edward Island	21,000	0.003
Nova Scotia	19,366,000	3.17
New Brunswick	2,284,000	0.37
Quebec	237,683,000	38.89
Ontario	294,918,000	48.26
Manitoba	15,699,000	2.57
Saskatchewan	397,000	0.06
Alberta	7,351,000	1.20
British Columbia	31,636,000	5.18
Yukon and Northwest Territories	1,291,000	0.21
Total	611,106,000	100.00

(b) The net value of contracts placed by the 14 district purchasing offices across Canada during 1958-59 and the percentage for each province of the total placed by the district offices are as follows:

Province	Net Value $	Percentage
Newfoundland (St. John's)	845,000	1.37
Nova Scotia (Halifax)	11,039,000	17.94
New Brunswick (Saint John)	3,246,000	5.28
Quebec (Quebec city and Montreal)	9,204,000	14.96
Ontario (Ottawa, Toronto and London)	17,196,000	27.95
Manitoba (Winnipeg)	5,230,000	8.50
Saskatchewan (Regina)	1,100,000	1.79
Alberta (Calgary and Edmonton)	7,068,000	11.49
British Columbia (Vancouver and Victoria)	6,599,000	10.73
Total	61,527,000	100.00

EXCISE TAX COLLECTIONS ON CIGARETTES, CIGARS, ETC.

Question No. 291—**Mr. Boivin:**

1. What amount was collected in excise tax on (a) cigarettes; (b) cigars; (c) tobacco, during each of the years, 1957, 1958 and 1959?

2. What amount of excise tax was collected on (a) cigarettes; (b) cigars; (c) tobacco, each month from January 1, 1959 to date?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

STATEMENT SHOWING THE COLLECTION OF EXCISE TAX, BOTH DOMESTIC AND IMPORTATION, ON CIGARETTES, CIGARS AND TOBACCO DURING THE CALENDAR YEARS 1957, 1958 AND 1959; ALSO, BY MONTHS, DURING THE PERIOD JANUARY, 1959, TO FEBRUARY, 1960, INCLUSIVE

1 and 2.

Year	Cigarettes			Cigars			Tobacco		
	Domestic	Import	Total	Domestic	Import	Total	Domestic	Import	Total
	$	$	$	$	$	$	$	$	$
1957.....	116,731,183.46	1,323,707.13	118,054,890.59	2,424,699.28	86,380.18	2,511,079.46	17,954,543.43	350,912.93	18,305,456.36
1958.....	127,859,516.44	978,862.84	128,838,379.28	2,649,166.37	86,604.63	2,735,771.00	18,235,444.01	433,929.60	18,669,373.61
1959.....	153,479,785.45	1,003,131.91	154,482,917.36	2,557,590.61	88,319.61	2,645,910.22	18,964,214.73	503,654.03	19,467,868.76
1959									
January.....	10,377,664.51	70,865.22	10,448,529.73	270,924.01	4,796.89	275,720.90	1,383,479.19	25,734.60	1,409,213.79
February.....	13,427,108.01	71,320.48	13,498,428.49	339,341.24	6,449.97	345,791.21	1,930,336.64	49,925.60	1,980,262.24
March.....	13,481,468.97	63,300.92	13,544,769.89	149,546.10	8,107.45	157,653.55	1,933,857.92	41,292.74	1,975,150.66
April.....	5,775,799.98	72,463.26	5,848,263.24	95,776.12	4,472.46	100,248.58	893,494.73	23,691.74	917,186.47
May.....	11,110,021.30	102,639.11	11,212,660.41	191,207.05	6,789,39	197,996.44	1,648,846.91	42,214.69	1,691,061.60
June.....	12,596,111.43	82,254.56	12,678,365.99	169,403.18	8,173.56	177,576.74	1,542,777.08	45,361.35	1,588,138.43
July.....	13,150,200.56	93,555.71	13,243,756.27	183,254.00	8,745.11	191,999.11	1,571,330.94	60,682.83	1,632,013.77
August.....	16,701,767.53	103,040.85	16,804,808.38	252,587.72	6,331.77	258,919.49	1,914,277.69	54,129.73	1,968,407.42
September.....	15,308,812.31	102,221.17	15,411,033.48	232,457.21	5,780.46	238,237.67	1,669,328.39	30,986.44	1,700,314.8
October.....	12,671,707.19	80,730.79	12,752,437.98	198,127.23	8,006.68	206,133.91	1,292,059.72	47,889.16	1,339,948.88
November.....	15,481,425.02	78,994.94	15,560,419.96	265,242.35	10,524.87	275,767.22	1,690,199,66	57,317.95	1,747,517.61
December.....	13,397,698.64	81,744.90	13,479,443.54	209,724.40	10,141.00	219,865.40	1,494,225.86	24,427.20	1,518,653.06
1960									
January.....	14,138,059.29	77,498.21	14,215,557.50	305,857.91	5,350.40	311,208.31	1,472,262.19	44,203.33	1,516,465.52
February.....	15,540,205.98	58,753.29	15,598,959.27	307,205.66	4,458.39	311,664.05	1,713,375.18	43,954.21	1,757,329.39

HOUSE OF COMMONS

Tuesday, March 29, 1960

The house met at 2.30 p.m.

RAILWAYS, CANALS AND TELEGRAPH LINES

Sixth report of standing committee on railways, canals and telegraph lines—Mr. Fraser.

NATIONAL DEFENCE

INQUIRY AS TO SHOWING OF FILM "NORAD BRIEFING"

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask a question of the Secretary of State for External Affairs. Was the minister or his department consulted about, and if so did it agree to, the showing in Canada of a United States air defence film called "NORAD Briefing"?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, the Department of External Affairs has many responsibilities but the censoring of television shows is not one of them. The Leader of the Opposition will have to direct his question to another minister.

Mr. Pearson: May I ask the minister a supplementary question, because it is an international matter. In view of the minister's stated belief in the sincerity of the Soviet in regard to disarmament proposals, does the minister not think it unfortunate that such a film shown in Canada should begin with a fictional episode melodramatically declaring that Russia—

Mr. Speaker: Order. I think the minister has disclaimed any administrative responsibility in this matter. I do not know on what basis the hon. member could ask a supplementary question.

Mr. Pearson: May I ask the Minister of National Defence whether he was consulted before this film was shown in Canada?

Hon. G. R. Pearkes (Minister of National Defence): No, Mr. Speaker. I understand that this film entitled "NORAD Briefing" was not a NORAD production nor an official United States film. I have not seen it myself, but I have been advised that some objection has been raised to certain parts of the introduction. I have therefore ordered its withdrawal from R.C.A.F. stations until it can be examined and, if necessary, the objectionable features have been removed.

Mr. Pearson: In view of the minister's statement that this was a United States production, does the hon. gentleman not know—

Mr. Pearkes: I said it was not an official United States production.

Mr. Pearson: Does the minister not know that at least one Canadian officer participated in the production of this film and that it was sent out for exhibition in Canada with the approval of an officer of the R.C.A.F.?

Mr. Pearkes: As I have said, I have not seen this film and I am having it withdrawn until such time as it has been examined.

Mr. H. W. Herridge (Kootenay West): A supplementary question. Would the minister inform the house what steps he is taking to make certain that the policy of the R.C.A.F. public relations department as to public relations releases and documentary films coincides with the general policy and purpose of the government in the field of international affairs as announced by the Secretary of State for External Affairs from time to time?

Mr. Pearkes: The policy regarding the publication of films is the same as that governing the publication of articles in the press. They have to be cleared by a senior authority.

BOMARC MISSILE—REPORTED INTENTION OF U.S. TO REDUCE SITES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Would the minister care to comment on the news report from Washington that an announcement is about to be made by the United States government that the number of operative Bomarc sites will be reduced from a total of 14 to 10?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I have not seen the actual report from the United States and do not know whether or not it is an official statement. I understand, however, that it is not an official statement.

Mr. Argue: Mr. Speaker, a supplementary question. Do I take it from the minister that

the Canadian government has no information at this time of an impending United States announcement that the total number of Bomarc sites is to be reduced from 14 to 10?

Mr. Pearkes: Mr. Speaker, I did not say we had no information about it. I said that I did not believe this was an official statement. When it is desirable to make an official statement as to the number of sites, that will be done.

Mr. Argue: Another supplementary question, Mr. Speaker. Have there been any recent exchanges between Canada and the United States on the question of a reduction in the number of Bomarc sites from 14 to 10? I think the house is entitled to that information.

Mr. Pearkes: The hon. member may recollect that I said in the course of debate yesterday that the number of Bomarc units is being reduced from 18 to 14. I did not say anything about the number of sites which would be maintained in the United States, other than that there would be two sites in Canada.

Mr. Argue: Another supplementary question. Are there any negotiations now under way with regard to reducing the number of Bomarc units from 14 to 10?

Mr. Pearkes: I know of none, Mr. Speaker.

[*Later:*]

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to direct a question to the Minister of National Defence and ask if he would care to comment on an Associated Press dispatch of March 28 to the effect that an order to stop work on the Bomarc missile base at Corvallis, Oregon, is expected any day, the base which presumably is intended to provide protection for Vancouver.

Mr. Speaker: Order. The hon. member is simply asking for a comment on a newspaper dispatch, which I am inclined to think is stretching both the rules and the practice. If the hon. member has a question of fact to ask with respect to work on a base which has become urgent since the debate yesterday, he might put his question.

Mr. Deschatelets: Mr. Speaker, I should like to change the line of my question. Is the minister aware that an order to stop work on the Bomarc missile base at Corvallis, Oregon, is expected any day?

Mr. Pearkes: This Bomarc base is not in Canada; it is in the United States. It is not one that is likely to be retained if the proposed plan to be submitted to congress is approved.

Mr. Deschatelets: A supplementary question, Mr. Speaker. Do I understand from the minister's answer that an order to stop work on this base can be given by the United States without the Minister of National Defence being aware of it?

Mr. Speaker: The hon. member is asking for an opinion as to the jurisdiction over the base in question. It seems to me this is something which might better have been brought up yesterday when this subject was being debated.

Mr. Deschatelets: Mr. Speaker, there is an agreement between the United States and Canada—

Some hon. Members: Order.

Mr. Deschatelets: —and I should like to know from the minister whether an order to stop work on this base can be given without Canada being aware of it. I think it is a fair question.

Mr. Pearkes: If the base is not to be continued as a Bomarc base, Canada will be consulted.

HONEST JOHN MISSILE—INQUIRY AS TO MAXIMUM RANGE

On the orders of the day:

Mr. Rodolphe Leduc (Gatineau): Mr. Speaker, I should like to address a question to the Minister of National Defence. What is the maximum range of the Honest John missile?

Mr. Speaker: I do not know whether that is a fair question to put orally. It seems to me that a question asking for information of that kind might better go on the order paper. If the minister has the information, there is no objection to his answering.

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I do not think that information could be given to the house. Detailed information regarding the maximum range of any particular weapon is of a classified nature, and is not usually given out.

LACROSSE MISSILE—STATEMENT ON FIRM ORDER FOLLOWING TESTS

On the orders of the day:

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I should like to reply to a question asked by the Leader of the Opposition on February 22 last regarding the procurement of the Lacrosse ground to ground guided missile for the Canadian army. My

answer at that time was that we were not in a position to make a firm recommendation or to place an order.

I would add further that in the fall of 1958 it was announced that the Lacrosse II would be provided for the Canadian brigade group in Europe. Since that time, the fall of 1958, the development of the Lacrosse has changed the nature and the tactical employment of this weapon. Instead of becoming a weapon for use with smaller formations it became apparent that the complexity of the system prevented its use in forward areas.

The Canadian army has now been authorized to acquire the free flight improved 762 millimetre rocket and the Honest John launcher. This weapon is in service with or about to be introduced by other NATO forces as the ground to ground missile at the brigade and divisional level.

Mr. Azellus Denis (St. Denis): I should like to ask a supplementary question. Is the minister in a position to tell the house whether this American Honest John is more accurate than the Honest John with whom we are so familiar?

Hon. Paul Hellyer (Trinity): I should like to ask a supplementary question. Did the minister say whether this is the improved version of the Honest John rocket that is being acquired by the Canadian forces?

Mr. Pearkes: Yes, I said this was the improved version of the rocket which is known as the 762 and is launched from the Honest John launcher. The whole complex is frequently referred to as the Honest John system.

Mr. Hellyer: Is it the intention of the Canadian army to acquire more than one size of this missile? I understand there is also a Little John missile. Is it the intention to acquire that one too?

Mr. Pearkes: The Little John is an entirely different weapon, as I am sure the hon. member for Trinity knows.

Mr. Hees: He would not know.

INQUIRY AS TO PRODUCTION OF NERVE GASES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I would like to direct a question to the Minister of National Defence arising out of a reply given to me on March 24, wherein the minister said he did not know whether nerve gases were being produced in Canada. Has the minister now made inquiries on this question, and is he able to make a categorical denial of the statement of Mr. Minifie that Canada manufactures nerve gases near Ottawa and Kingston?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I understand that there are no nerve gases manufactured by the Department of National Defence in Canada.

Mr. Argue: Or by any other department?

Mr. Pearkes: I am not responsible for other departments.

ATOMIC ENERGY

NUCLEAR TESTS—CANADIAN POSITION RESPECTING CURRENT PROPOSALS

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Secretary of State for External Affairs a question, notice of which I sent to his office. In view of the announced policy of the government with regard to the cessation of nuclear tests with or without control, may I ask the minister what attitude Canada takes regarding the recent proposals concerning these tests beyond the threshold and underground? Will the minister also indicate whether in the light of the current discussions between the Prime Minister of the United Kingdom and the President of the United States, Canada has been consulted and has the government taken steps to make her views known because of the nature of those discussions?

Hon. Howard C. Green (Secretary of State for External Affairs): It would be quite improper for me to answer that question at length, and I am surprised that the hon. member for Essex East should have repeated a good deal of what he said in the external affairs committee. We are, naturally, very interested in the discussions taking place between Prime Minister Macmillan and President Eisenhower at Camp David, and we are very hopeful that one result of these meetings will be a long stride forward toward the abolition of any further nuclear tests.

Mr. Martin (Essex East): May I ask a supplementary question. The minister expressed surprise at the nature of my question. Will he not understand why I am surprised at the nature of his reply?

Some hon. Members: Question.

Mr. Martin (Essex East): Why should Canada be more hesitant about stating her position than is Great Britain, particularly when Canada, through the minister—

Some hon. Members: Speech.

Mr. Speaker: Order. The hon. member's question is fast taking the character of an argument, and that is not the proper way to get factual information.

Inquiries of the Ministry

Mr. Martin (Essex East): Mr. Speaker, I had difficulty in seeing that you were on your feet—

Mr. Hees: Because you always look the other way.

Mr. Martin (Essex East): May I ask the minister a supplementary question. Has the position of the government with regard to the cessation of tests changed in any way since that policy was announced by the minister a few weeks ago?

Mr. Green: In reply to the supplementary speeches by the hon. member for Essex East, may I say that the policy of the government has not changed. We have a great deal of trouble trying to convince him it has not changed, but that is the fact.

Hon. L. B. Pearson (Leader of the Opposition): May I ask the minister whether the Canadian views with regard to the recent Russian proposal on nuclear tests have been made known to the governments of the United Kingdom or the United States?

Mr. Green: Mr. Speaker, the views of the Canadian government on this question seem to be much more thoroughly understood by the United Kingdom and the United States than by hon. members of the opposition.

DOUGLAS POINT, ONT.—TARGET DATE FOR COMPLETION OF NUCLEAR POWER PLANT

On the orders of the day:

Mr. A. E. Robinson (Bruce): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Has there been any change in the target date for completion of the nuclear power plant at Douglas Point, Bruce county?

Hon. Gordon Churchill (Minister of Trade and Commerce): No, Mr. Speaker, there has been no change.

SHIPPING

NORTH ATLANTIC—INQUIRY AS TO AGREEMENT ON WEATHER SHIPS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport and ask if the minister can inform the house whether a new agreement has been reached at the international conference held at The Hague on the weather ships in the north Atlantic. Will Canada have the same number of ships to operate on the north Atlantic, and will the financial burden be more equitably distributed among the countries involved because of the tentative agreement?

[Mr. Speaker.]

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for having given me notice of his intention to ask this question. A conference of representatives of the various nations which support the north Atlantic weather station program has been under way at The Hague for some days and is expected to conclude this week.

It is not expected that this will lead to any change in the number of ocean weather stations and weather ships now provided, but it may lead to some change in the financial distribution of costs among participating states. The final results of the conference are not yet available since the conference itself has not, I believe, yet been concluded.

TRADE

WHEAT—CONSULTATIONS WITH U.S. ON DISPOSAL OF SURPLUS

On the orders of the day:

Mr. K. H. More (Regina City): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. In view of the statement appearing in the *Globe and Mail* of March 28 suggesting fear of controversy between Canada and the United States of America over surplus wheat disposal, can the minister say whether plans have been made to hold talks between the United States of America and Canada to develop a variable system of multilateral world trade and urge a more determined policy regarding the disposal of surplus wheat?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, Canada and the United States have developed consultative machinery so that views and grievances may be discussed at the ministerial and the official levels. One practical result has been the discontinuance of United States barter deals for wheat in many commercial markets. Approximately six months ago the United States announced that the United Kingdom, Belgium, Luxembourg, The Netherlands, Germany and Switzerland have been deleted from their barter list for wheat, flour and feed grains. Although the United States barter program remains a potential threat to Canadian commercial exports, its actual impact on such exports has been considerably reduced in recent years. We are keeping a close watch on developments.

REQUEST FOR EXTENSION OF EXPORTS CREDIT INSURANCE

On the orders of the day:

Mr. Hubert Badanai (Fort William): I wish to direct a question to the Minister of Trade

and Commerce. In view of the recent extension of the scope of operation of the United States export-import bank, would the minister give immediate consideration to expanding the operations of the Export Credit Insurance Corporation, and in particular to widening the basis on which direct guarantees could be issued with regard to negotiable instruments given to Canadian exporters by foreign buyers in respect of export transactions?

Hon. Gordon Churchill (Minister of Trade and Commerce): This is a rather complicated question. If it were placed on the order paper I think we could give a satisfactory written answer to the hon. member.

TRANSPORT

ICEBREAKER ASSISTANCE FOR CANADIAN SEALING SHIPS

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I should like to direct a question to the Minister of Transport, a copy of which has been sent to him. Will the minister please inform the house whether his department received a request to free three Newfoundland sealing ships and one Halifax ship operating along the coast of Labrador? If so, what action has been taken by his department, and when? Since coming into the house I have learned that one of the Newfoundland sealing ships, the *Terra Nova*, recently sank but I understand her crew was saved.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I should like to thank the hon. member for giving me notice of his intention to ask this question.

The C.M.S. *Wolfe* sailed on March 23 to assist a Norwegian sealing vessel disabled in ice on the Labrador coast. The *Wolfe* towed the ship to open water and met the salvage tug *Foundation Vigilant* on March 27. The *Wolfe* then proceeded to assist the Canadian sealers *Camperdown* and *St. Addresse*. When these vessels have been escorted to open water the *Wolfe* will proceed to assist the sealer *Arctic Prowler* and take on board 48 crew members of the sunken sealer *Terra Nova* and transport them to Newfoundland.

TELEVISION

TORONTO—COMMUNICATIONS RESPECTING ISSUE OF LICENCE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Prime Minister. In view of current comments on the matter, can the Prime Minister tell us whether any oral or written communications have gone from him or his cabinet associates to the board of broadcast governors or to any individual B.B.G. member which suggested or indicated a preference for any particular applicant for a television station licence in Toronto, notably the successful Bassett application?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, may I say with all emphasis, no.

POWER

COLUMBIA RIVER—REPORTED STATEMENT OF B.C. MINISTER RESPECTING FEDERAL LOAN

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Minister of Finance whether he has any comment to make on a statement by the minister of lands and forests of the government of British Columbia, reported in the Vancouver *Sun* of March 24, that the federal government had offered to lend British Columbia half the cost of the development of the Columbia river?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have not seen the article in question. I do not think this is a matter than can usefully be dealt with simply by a question based on an article that I have not seen.

UNEMPLOYMENT INSURANCE

EXTENSION OF BENEFITS TO CANADIAN WOODSMEN IN MAINE—APPOINTMENT OF MEMBER FOR RESTIGOUCHE-MADAWASKA

On the orders of the day:

Mr. Jean-Paul Racine (Beauce): I wish to direct a question to the Minister of Labour. In view of the offer made by the hon. member for Restigouche-Madawaska (Mr. Van Horne) on the proposed extension of unemployment insurance benefits to Canadian woodsmen working in the state of Maine, can the minister advise the house whether he intends to accept the offer and appoint the hon. member for Restigouche-Madawaska as official representative of the government to meet with the governor of the state of Maine and settle this problem, as promised by the hon. member?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the answer to the question is no.

Inquiries of the Ministry

INQUIRY AS TO REPORT BY ADVISORY COMMITTEE ON HOLIDAY AND SEVERANCE PAY

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Minister of Labour whether he has yet succeeded in getting a report from the advisory committee of the unemployment insurance commission on the matter of severance pay, which affects many people in Elliot Lake?

Hon. Michael Starr (Minister of Labour): No, Mr. Speaker, I am sorry to say I have not.

THE CANADIAN ECONOMY

NATIONAL ENERGY BOARD—INQUIRY AS TO REPORT

On the orders of the day:

Mr. Alan Macnaughton (Mount Royal): I should like to direct a question to the Minister of Trade and Commerce. Is the minister now in a position to advise the house whether he has yet received the report of the national energy board on the recent applications for certificates of public convenience and necessity under part III of the National Energy Board Act?

Hon. Gordon Churchill (Minister of Trade and Commerce): A somewhat similar question was asked on March 23. My answer appears at page 2352 of *Hansard*, and remains the same.

Mr. Macnaughton: I have another question. Can the minister advise the house as to when he expects the decisions on the applications to export gas under part VI of the act?

Mr. Churchill: My answer remains the same, Mr. Speaker, as at page 2352 of *Hansard*.

Mr. G. J. McIlraith (Ottawa West): May I ask the minister this question as a result of reading his earlier answer, to which he referred in answer to a question a moment ago. Will he explain to the house which type of application he was referring to? Was he referring to applications under part III or part VI of the act?

Mr. Churchill: I was referring to all applications that had been received.

POST OFFICE DEPARTMENT

NEWFOUNDLAND—REPORTED LOSS OF MAIL BAG

On the orders of the day:

Mr. Azellus Denis (St. Denis): I wish to ask a question of the Postmaster General. According to the Newfoundland *Herald* of April 3 it appears that a mail bag containing several hundred applications for 1958 income tax refunds has been lost or stolen between St. John's and Ottawa, thus creating confusion and delaying reimbursement to the people of Newfoundland. Can the minister inform the house how, when and where this mail bag was lost or stolen, and can he assure the people of Newfoundland that they will not have to suffer too long from the disorganization of the Post Office Department?

Hon. W. M. Hamilton (Postmaster General): I congratulate the hon. member on his foresight, Mr. Speaker. It seems to me that the date on which he referred to this bag as having been stolen is about a week in the future, namely April 3.

Mr. Denis: It relates to the 1958 income tax returns.

An hon. Member: Oh, oh.

Mr. Denis: It relates to the 1958-59 income tax returns, the previous year's income tax returns. This is as it appears in the Newfoundland weekly *Herald* of April 3.

Mr. Speaker: Will the hon. member advise me of the date of the newspaper?

Mr. Denis: The newspaper report is 1960, but it relates to income tax returns of 1958-59.

Mr. Hees: The hon. member had better get a new writer; he is not getting his laughs.

Mr. Denis: May I explain that this is a weekly newspaper and they put on the date of the week in which it appears. Sometimes they appear a couple of days ahead of time. Mr. Speaker will not blame me if it is brand new.

Mr. Hamilton (Notre Dame de Grace): If the hon. member will finally get the problem sorted out so that he understands it, I shall be glad to answer the question.

Mr. Denis: It is not a question of whether I understand it. It is a question of whether the Postmaster General understands it.

HOUSING

C.M.H.C.—STATEMENT RESPECTING DIRECT LOANS TO BUILDERS

On the orders of the day:

Hon. D. J. Walker (Minister of Public Works): The hon. member for Nipissing (Mr. Garland) has asked me to describe in more detail the policy to be followed this year by Central Mortgage and Housing Corporation in making direct mortgage loans under the National Housing Act.

I wish first to say how grateful I am for the opportunity afforded by the hon. member, and I thank him for giving me notice of the question. Although I made every effort to

answer questions as they arose during the debate on the resolution and second reading of Bill No. C-53, it was not possible for me to review direct lending policy in detail, particularly as final administrative arrangements were still being worked out by corporation officials. Some procedural matters are still under consideration, but I believe I can now, by virtue of the timely question by the hon. member for Nipissing, provide the house with some short additional basic information.

Mr. Speaker: Has the minister leave to read an additional answer?

Some hon. Members: Agreed.

Mr. Walker: Thank you very much. Hon. members will recall that during the debate I indicated that if and when the additional funds the government had requested were forthcoming, Central Mortgage and Housing Corporation would make direct loans only to applicants with annual incomes of $5,000 or less. I was asked at that time whether the wife's income, if she were working, would be included and I answered "No". I should point out that the corporation has always considered up to 20 per cent of a working wife's gross income in computing the applicant's ability to make monthly repayments of principal, interest and taxes. This practice will not be changed in determining eligibility of an applicant for a loan; in other words, the corporation will take into account the applicant's gross annual income plus 20 per cent of his working wife's earned income. There is no change here; it is a matter of using the same criterion for both purposes.

There have been some comments both here and, I believe, in the other place on possible inequities arising out of proposals to channel corporation mortgage loans to applicants with annual incomes of $5,000 or less. I think we must face up to the fact that regardless of the system used, of the criteria developed, there will always be inequities. We have tried to formulate a plan that will provide the least number of inequities for the fewest Canadian families.

Finally, the $5,000 maximum income figure for eligibility refers, of course, to the average Canadian family. The average family has one or two children and during 1959 some 75 per cent of N.H.A. borrowers fell into these and the no-children categories.

For families that are larger than the average, Central Mortgage and Housing Corporation is now developing an appropriate adjustment which will probably have the effect of stretching the $5,000 maximum to take care of the needs of the other 25 per cent, that is the smaller number of families with three, four, five and more children.

Inquiries of the Ministry

EXTERNAL AFFAIRS

ECONOMIC ASSISTANCE TO UNDERDEVELOPED COUNTRIES—CANADIAN POSITION AT CONFERENCE

On the orders of the day:

Hon. Donald M. Fleming (Minister of Finance): Recently the hon. member for Assiniboia put to my colleague the Secretary of State for External Affairs a request for a report on the meeting that was held recently in Washington of what is known as the development assistance group. In view of the responsibility of the Department of Finance in relation to external aid programs, perhaps he would permit me to give the house a brief report on that meeting.

Mr. Speaker: Has the minister leave to make a report as suggested by him at this time?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): This meeting was held in Washington on March 9, 10 and 11. It was the outcome of a decision taken at the meeting of representatives of 13 countries in Paris in mid-January. At that meeting the governments of Belgium, Canada, France, Germany, Italy, Portugal, the United Kingdom and the United States and the commission of the European economic community agreed to meet to discuss the question of techniques and to facilitate the flow of development assistance funds to underdeveloped countries, having discussed also various aspects of co-operation in their efforts to provide such assistance.

The proposed discussions proceeded in accordance with the resolution passed in Paris on January 14. The resolution itself, passed in Paris, serves as the terms of reference of this organization or body now known as the development assistance group. The governments I have mentioned were joined by Japan, which was represented at the meeting as a full and original member with the approval of all other participating governments.

The results of the meeting were encouraging. All who attended the meeting were impressed with the usefulness of the meeting. A communique was issued, and the countries represented indicated their intention to continue to work actively toward the objectives indicated in the original reference. At the invitation of the government of the Federal Republic of Germany it was agreed that the next meeting of the development assistance group will be held in Bonn in June or July next.

Mr. Speaker, it is the view of the government that this new development assistance group will prove to be an effective organ

for improving the assistance given by the participating governments to underdeveloped countries, and through a better system of exchanges of information and consultation will increase the effectiveness of existing aid programs and other similar programs.

If it meets with the wish of the house I would be prepared to table copies of the communique issued by the development assistance group at the conclusion of its meeting in Washington.

Hon. Paul Martin (Essex East): A supplementary question, which I asked several weeks ago. Can the minister say whether there was any discussion about areas not now in receipt of assistance but within possible contemplation by various governments? I mean, for example, countries in Africa.

Mr. Fleming (Eglinton): Mr. Speaker, the agenda of the meeting was quite lengthy and detailed, and it covered quite a wide area of discussion. It was called principally to exchange information on the part of governments represented as to their existing programs of aid. Naturally, lines in such matters are not firmly drawn, and I think it was in the minds of the representatives that there are some areas which are better served in this respect than others.

Mr. Speaker: Has the minister leave to table the communique to which he referred?

Some hon. Members: Agreed.

PUBLIC WORKS

SHAUGHNESSY HOSPITAL, VANCOUVER —REMOVAL OF EARTH

On the orders of the day:

Mr. J. R. Taylor (Vancouver-Burrard): Mr. Speaker, I wonder if the Minister of Public Works could say whether the so-called mountain of earth which is causing such a nuisance to residents in and around Shaughnessy military hospital will be removed by the contractor before April 1.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I am happy to be able to inform the hon. member that the mountain of earth to which he has referred will be removed under the contract by the contractor on or before April 30.

ADMINISTRATION OF JUSTICE

STEPHEN TRUSCOTT—REQUEST FOR REVIEW OF CONVICTION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I would like to direct a question to the Minister of Justice. Has the minister had time to note the statement of the minister of reform institutions in Ontario, Mr. Wardrope, in which he expressed serious doubts as to the guilt of Stephen Truscott; and consequently, is there any intention or possibility of making a review of this person's conviction?

Mr. Speaker: If I am not mistaken, the question of clemency is not one on which the ministry can be properly questioned in this house.

Mr. Fisher: Mr. Speaker, I am not asking for clemency; it is the question of a review.

Mr. Speaker: I do not see any difference. It seems to me the same thing.

Mr. Fisher: Mr. Speaker, I will rephrase my question. I ask the Minister of Justice whether he has received any recent communication from the Ontario government or its officials regarding the conviction or custody of Stephen Truscott?

Hon. E. D. Fulton (Minister of Justice): No, Mr. Speaker, I have not.

HEALTH INSURANCE

INQUIRY AS TO EXTENSION TO NORTHWEST TERRITORIES AND YUKON

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare. Could the minister say whether the press reports of yesterday as to the conclusion of an agreement with the Northwest Territories council implementing the Hospital Insurance and Diagnostic Services Act are correct? Second, what progress has been made with regard to concluding such an agreement with the legislative council of the Yukon?

Hon. J. W. Monteith (Minister of National Health and Welfare): Yes, Mr. Speaker, an agreement was signed with the Northwest Territories council yesterday, and satisfactory progress has been made in this respect with the Yukon council. As a matter of fact, I understand they are sitting at this time and probably will be considering the matter.

INDIAN AFFAIRS

VANCOUVER—REQUEST FOR STATEMENT ON DEATH OF INDIAN WOMAN

On the orders of the day:

Mr. Rodolphe Leduc (Gatineau): I would like to direct a question to the Minister of National Health and Welfare. Is the minister now in a position to report on the circumstances surrounding the death of an Indian woman which occurred recently in Vancouver,

and which he undertook on March 22 to investigate and report his findings to the house?

Hon. J. W. Monteith (Minister of National Health and Welfare): Yes, Mr. Speaker. One of the Vancouver members asked that question last week. An inquest has been held; I have had the report of that inquest, and I am preparing a complete report to give the house on this matter.

(Translation):

NORTHERN AFFAIRS

INQUIRY AS TO EDUCATION OF ESKIMOS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to put a question to the Minister of Northern Affairs and National Resources. Is the minister aware of the debate that took place yesterday between Rev. Father Renaud, O.M.I., and his own deputy minister, with regard to the education of natives? Has the minister any comments to make on the matter?

Mr. Pigeon: He has already answered the question.

(Text):

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): No, Mr. Speaker.

"INVITATION TO CANADA"—INQUIRY AS TO FRENCH VERSION OF PUBLICATION

On the orders of the day:

Mr. Marcel Boivin (Shefford): I would like to direct a question to the Minister of Northern Affairs and National Resources. Would the minister be good enough to advise the house when we can expect French copies of the booklet just given to hon. members, entitled "Invitation to Canada"?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, on Friday last the hon. member for Hull asked me about a possible French version of this booklet. This booklet is entitled "Invitation to Canada" and is destined primarily for distribution in the United States. The main language there is English, and for that reason that will be the only language in which this booklet will be published.

Mr. Alexis Caron (Hull): A supplementary question. Does the minister not think he might have a few of these booklets sent to French-speaking countries so they can also be invited to visit Canada?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, this matter of the distribution of the pamphlets of the travel bureau in European and South American countries is under consideration by the department, but no particular decision has yet been arrived at.

INQUIRY FOR RETURN

FEDERAL PAYMENTS TO PROVINCIAL GOVERNMENTS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I would like to ask the Minister of Finance if there is anything he could do to expedite the return to the order of the house in response to a question of mine passed on March 9. The question had reference to federal payments to provinces.

Hon. Donald M. Fleming (Minister of Finance): As far as the Department of Finance is concerned, Mr. Speaker, this portion of the information sought by the hon. member was gathered and made available many days ago. I cannot of course answer for the other departments. I presume that in that case more difficult inquiries were involved as a result of the question asked.

Mr. Pickersgill: I wonder if I could repeat my question to the Acting Secretary of State.

Hon. Leon Balcer (Acting Secretary of State): The Acting Secretary of State will do everything that is humanly possible to be pleasant to the hon. member.

GRAIN

REFERENCE TO COMMITTEE OF DELIVERIES TO FEED MILLS

Hon. Gordon Churchill (Minister of Trade and Commerce) moved:

That the standing committee on agriculture and colonization be empowered to examine and inquire into the delivery of grain by producers to feed mills operating in the designated area as defined by the Canadian Wheat Board Act, and to report to the house observations and proposals thereon.

He said: This is a subject which provides a very proper field of inquiry for the committee on agriculture because it deals with a subject which is of great importance to western agriculture.

Over the last five crop years a situation has developed in connection with the feedstuffs industry of the prairie provinces which has created some difficulty. Existing statutes, both provincial and dominion, make all feed plants subject to quota regulations; and those plants that elect to have agreements with the board, making them agents of the board, are required by such agreements to buy from producers at board prices and to issue producers' certificates.

Deliveries of Grain to Feed Mills

The position which has developed is that there have been, and continue to be, two different types of operation of feed plants. One type of operation has elected to have an agreement with the board and conforms with the Canadian Wheat Board Act and provincial legislation; another type of operation does not have an agreement with the board and does not operate in strict conformity with the Canadian Wheat Board Act and provincial legislation. Under the latter type of operation, feed mills may acquire feed grains at a discount under board initial payments.

Feed plants which operate under an agreement and in conformity with the Canadian Wheat Board Act and provincial legislation claim to be at a disadvantage, in that by agreement with the board they are required to buy at board prices and issue producers' certificates, all within the quota. They have repeatedly brought their case to the attention of the board and the government.

According to the records of the board there are 182 feed plants operating in the prairie provinces. These feed plants fall into three main categories, as follows:

(1) Plants operated by large mills, with agreements with the board;

(2) Plants operated by elevator companies, with agreements with the board;

(3) Independent plants which, with a few exceptions, do not have agreements with the board.

Of the 182 feed plants in the prairie provinces, 60 have agreements with the board and 122 do not have agreements. By provinces they are distributed in this way; those which have agreements with the wheat board comprise 17 in Manitoba, 14 in Saskatchewan and 29 in Alberta, making a total of 60. Plants which operate without having signed agreements number 30 in Manitoba, 10 in Saskatchewan and 82 in Alberta, for a total of 122.

In January, 1958, the Alberta, Saskatchewan and Manitoba division of the Canadian feed manufacturers' association submitted a brief to the government of Canada. The main point in their presentation reads as follows:

> The three provincial divisions of the Canadian feed manufacturers' association who submit this presentation now firmly request that existing regulations, whether statutory or administrative, be amended so as to permit feed manufacturers or processors of feed grain to purchase feed grains directly from producers free of quota restrictions, and at prevailing prices on the basis of supply and demand, for processing and resale within the province in which the grain is grown.

In July, 1958 the position of the feed mills was referred to the advisory committee of the Canadian wheat board. The board discussed the requests which had been made for virtual decontrol of the feedstuffs industry and its policy of taking effective action to apply delivery quota policy to feed mills. It was the view of the advisory committee that the provisions of the "exchange" policy instituted by the board in June, 1957 were adequate, and that the board should proceed with its policy of enforcing the Canadian Wheat Board Act as far as feed plants were concerned.

The next step was a consideration of this question by the agriculture committee of the House of Commons last year, and in its report to the House of Commons dated Wednesday, July 15, 1959 the standing committee on agriculture and colonization included the following paragraph:

> The committee further recommends that the whole question of feed mills and their position in the grain trade should be clarified and, if necessary, new legislation introduced.

This, briefly, is part of the background of this situation in the prairie provinces. It appears to be a subject which could usefully be studied by the committee, and in view of its report of last year we are now bringing the matter forward. The committee has power to send for persons and papers. Consequently all interested parties may appear and make presentations. I think this will be very useful in order to clear up any misunderstanding with regard to the operation of the delivery quota system; in order to clear up any misunderstandings there may be with regard to the operation of the feed mills and, in general, with regard to marketing operations as conducted by the Canadian wheat board under the authority of the act. The committee on agriculture and colonization will have ample opportunity during the rest of the session to consider this matter fully and make such report as seems advisable for later consideration by the House of Commons.

Hon. J. W. Pickersgill (Bonavista-Twillingate): As I listened to the minister I gathered, and I confess I did not recollect this myself, that the committee last year recommended that there should be legislation.

We, of course, have no objection whatever to the motion to refer this subject to the committee. It seems a reasonable thing to do. However, I am surprised that in view of the recommendation which was made last year the government has not some statement of policy of its own with respect to this matter to lay before the house. I would hope that the minister, in replying at the end of the debate, would indicate to us precisely what are the views of the government with respect to this subject, because it seems to me the

government has a responsibility for carrying on the affairs of this country and that it should give a lead on questions of this kind. If any useful work is to be done by the committee, it cannot be done without some kind of guidance.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, this resolution may at first glance appear unimportant and innocuous. I find it is an exceedingly disturbing one that could lead to the beginning of a break-down in the orderly system of marketing grain that has been built up over so many years with such great effort by producer organizations and by producers themselves in co-operation with a number of provincial and federal governments.

For those who are not acquainted with the wheat board system of marketing grain and the shipping of grain to mills that presently have agreements, I would like to explain that in the three prairie provinces, in order to deliver grain to an elevator marketing point, such grain to be subsequently exported out of the province, overseas, or processed in the province through mills that have agreements with the wheat board, the grain can be marketed only on permit books which cover the land on which the grain has been grown.

This has made it possible to provide an orderly system of marketing grain. Although I have complained from time to time about discrimination or unfairness in the quotas that apply as between various marketing points, I have never, and I hope I never shall, criticized the principle of quotas and permit books. I am in favour of the wheat board having control over the assembling, storage, buying and selling of grain as defined in the Canadian Wheat Board Act.

Many producers who are acquainted with this operation, to say nothing of people who know very little about it, are often highly surprised to find that the total cost of operation of the wheat board per bushel of grain has been in the past one half cent or up to two thirds cent per bushel. In other words this is an extremely efficient operation that has provided a measure of stability and fairness to the western producer whose grain is covered by this act.

As the minister said, the act does not apply to everyone in every single transaction. It is legal under the Canadian Wheat Board Act, and as far as I know under all prevailing provincial statutes, for one farmer to sell grain to another, for the purpose of feed or seed, outside the wheat board permit system. Further, as I understand it, it is legal for a farmer to sell to any person within the province his grain or any part of it at any price he sees fit. The only limiting law is that the grain purchaser is not at liberty to resell the grain in such a way that it goes through under a marketing permit. Therefore, as the minister pointed out, there are certain feed plants as well as innumerable livestock feeders and other people who from time to time wish to buy and sell grain, who have been purchasing grain in a legal manner directly from the producer.

What happens when this is done? Almost invariably the person or company purchasing the grain takes advantage of the surplus position and the shortage of cash on the part of the producer, and buys the grain at a cheap price. I know businessmen and farmers who may be engaged in the feeding of livestock as a side line who have done nothing to conceal this fact, and as a matter of record they have been very open in advertising for this kind of grain at prices as low as 60 cents per bushel for wheat, which is approximately half the regular initial price for No. 2 wheat in western Canada.

This means that the farmers who must sell their grain at discount prices receive only half what the product is worth. As the minister has implied this undoubtedly is a well-directed campaign organized by the Canadian feed manufacturers' association to escape the provisions of the Canadian Wheat Board Act, and therefore the existing provisions of the law, so they can buy grain from producers at prices, as they state in their request to the minister, governed by supply and demand. That means only one thing, prices lower than the current wheat board marketing prices.

If the agriculture committee should bring forward a decision recommending changes in the act along the lines suggested it would mean a direct bonus from the grain producers to the feed manufacturers. It would mean the feed manufacturers have been given the legal right to chisel grain from the hard-pressed producers at as low a price as they can establish. With a tight money and surplus grain condition this could mean disastrously low prices for grain.

The effect of these proposals is that steps would be taken to reduce the total amount of money paid to grain producers. This reduction would be a direct benefit to the feed manufacturers. I find this a very disturbing move. While I am in sympathy with the reason behind the suggestion of the hon. member for Bonavista-Twillingate that there should be some evidence of government policy, I would hope that this motion and the request that the agriculture committee study the matter is not an indication, as I am seriously afraid it is, that the government is going to take a lenient attitude toward this request and open up the

marketing facilities on the prairies in such a way as to undermine and undercut the prices for wheat, oats and barley, without doubt to the detriment of grain producers as a whole.

Some may argue that this will mean lower prices to the feed purchasers. That might be an incidental result, but the purpose of the drive is to make money for the feed manufacturers and not to help anybody engaged in the business of producing grain. Grain producers are in no position to have any policy undertaken which would reduce their total gross income. I will not put myself out of order in this debate, but it is well known to hon. members that the great pressure that has come from western grain producers and farm organizations is for the government to take steps to increase their gross income from grain, not to reduce their income, which this proposal if accepted would accomplish.

For the benefit of hon. members I hasten to say that I am speaking on my responsibility as a member of this house. I have not had any submissions from any grain companies whatsoever. I say categorically that no matter whether one or another of those companies may feel there is something for it to gain in this proposal, the implementation of the proposal will do nothing but damage to the grain producers as a group.

Mr. Speaker: Order. I ask the hon. member whether he is not debating the issue as though it were being decided here. All we are deciding in this motion is whether the matter should be referred to a committee which will be able to hear evidence and report back. I do not want to narrow the debate too much, because one must understand the purpose and what problem is to be referred to the committee. I hope the hon. member will not attempt to settle here the problem which the house is referring to a committee.

Mr. Argue: Obviously I am not settling the question. I do not know whether a committee will settle the question. I take it the committee may or may not make recommendations. If recommendations are made for a change, perhaps it will be necessary to have amendments to the Canadian Wheat Board Act; certainly there would need to be changes in the regulations. The Minister of Trade and Commerce, very properly I think, went over some of the difficulties that have been experienced, according to the submissions that have been presented to him, and I have been merely giving the other side of the case which was presented to the minister, in his own words, by the Canadian feed manufacturers' association in January, 1958.

I have been in the House of Commons for 15 years, and I have taken part in a great many debates regarding the Canadian Wheat Board Act. I was here, Mr. Speaker, at the time oats and barley were removed from the act. We had a long and bitter debate on this subject, and it was finally agreed by the government making the proposals to the house and to the provinces that the Canadian wheat board would have certain jurisdiction over oats and barley. The proposals at that time were fully justified. I do not intend to sit here silently and watch any effort by any group to tear down the great benefit that has come from years of constructive effort in building an orderly marketing system for western grain.

In my opinion, Mr. Speaker, the proposal by the Canadian feed manufacturers' association is a misdirected one. This could be the thin edge of the wedge that begins the destruction of the Canadian wheat board system of marketing grain. I am disturbed at times by people who rise in their places in this house and say, "We believe in free enterprise; we are so much in favour of free enterprise that we do not like to see government control". If there is enough of that attitude followed, then they could open up the grain marketing situation, without any controls whatsoever, with absolutely disastrous results to producers in the three prairie provinces.

There may be pressure coming from outside the three prairie provinces; there may be some who feel that if we can break down the wheat board marketing system within the provinces then we can move in huge transcontinental trucking and freight facilities and take the processed feed which has been chiselled from hard-working farmers at 50 per cent of its value and sell it at bargain prices, and go one step further in undermining the orderly marketing system for coarse grains and feed grains within our country. I make an appeal now, Mr. Speaker, to the Minister of Trade and Commerce to think very carefully on this question before he recommends to his colleagues any changes in the present policy.

The proposals that are made cannot be construed in any way as a help to the small farmer. I have seen, and members from the prairie provinces have seen, certain farmers from time to time accept lower than market prices for their grain. When that happens almost inevitably it is the wheat farmer, it is the small farmer, it is the farmer least able to accept the cut in his price who is forced by financial circumstances to accept those cut-rate, bargain basement prices. This will be no help to the ordinary grain producer; this will merely damage him.

The Minister of Trade and Commerce comes from the prairie provinces. The Canadian Wheat Board Act is being administered under his jurisdiction and in his department. This act is very dear to the hearts of most of the well-informed agricultural producers and leaders in the three prairie provinces. Although this act has been built up though not originated by a previous administration of another party, I would hope that in general the operations of the Canadian Wheat Board Act can be kept apart from and beyond partisan political considerations, and that the Canadian wheat board and the Canadian Wheat Board Act will not be weakened in their jurisdiction and their administration.

When I first saw this resolution, Mr. Speaker, I was naive enough to think it was on the order paper because the wheat board and the government were disturbed by the fact that a substantial quantity of grain is being marketed today outside of the facilities of the Canadian wheat board. I thought this would be an endeavour to plug the leaks and reinforce the orderly marketing system, and that if necessary the government, the committee and parliament might take steps to strengthen the wheat board's jurisdiction and if necessary ask the provinces to enact complementary legislation that this be done.

I would hope that the committee, after hearing all the evidence, instead of agreeing with the drive of the Canadian feed grain manufacturers' association for their own financial benefit, would turn its mind to making recommendations to strengthen the wheat board system of marketing grain. Instead of making recommendations that would inevitably lead to a reduction in the gross income of western producers from grain, the committee might make recommendations to strengthen and increase the returns from grain and improve the wheat board orderly system of marketing grain, which certainly, so far as Canada is concerned, is the best system, in spite of certain failings that some of us point out from time to time, that this country has been yet able to develop.

(Translation):

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, because of this resolution which appears on the order paper in the name of the Minister of Trade and Commerce (Mr. Churchill), I have been reading various farm newspapers in the prairie provinces in an attempt to learn the views of western farmers on this resolution. Unfortunately, I have not been able to find any indication of the attitude of western farmers.

We would have liked the minister to tell us in greater detail what he has in mind in asking that the committee:

> Be empowered to examine and inquire into the delivery of grain by producers to feed mills operating in the designated area as defined by the Canadian Wheat Board Act, and to report to the house observations and proposals thereon.

We would have liked the minister to go into greater detail before being asked to take a more definite position on this issue.

At this stage of the resolution, when we lack the necessary details, it is hard to say what is behind this bill, or to decide whether it will be beneficial or detrimental to western farmers.

The fact that this motion providing for an examination of the delivery of western grain to the mills is being introduced today probably means, I am afraid, that surprises will be forthcoming at the committee stage. I find this amazing, because in the past there have been agricultural resolutions of a national character which were not submitted to the committee on agriculture and colonization. There was, for instance, the Agricultural Prices Stabilization Act, which was quite important but nevertheless was not considered in the committee on agriculture.

There were also other national matters, such as the legislation on land use, on the conservation of forests and waters, which have yet to be introduced.

In this case, however, it is a matter of local interest, and to my knowledge, it is the first time such a motion is made, proposing that the matter be referred to the committee on agriculture and colonization.

I hope the minister will be giving us more information soon, so that we can be in a better position to assess this legislation, in the interests of western farmers.

(Text):

Mr. Speaker: Is the house ready for the question?

Mr. Martin (Essex East): Is the minister going to answer the questions?

Mr. Speaker: If the minister speaks now he will close the debate.

Mr. Churchill: Mr. Speaker, this is a subject that could involve a very long debate in the house. I gave a brief summary of some of the background material, and certain other matters were filled in by the hon. member for Assiniboia. I think it is perfectly obvious that a committee is the proper place to make a study of such a complicated subject.

Deliveries of Grain to Feed Mills

The hon. member for Bonavista-Twillingate suggested that the government should have either introduced legislation or stated its policy on this occasion. In looking at the report made last year by the standing committee on agriculture and colonization I found that there was not an extensive discussion of this problem, and I reached the conclusion from the recommendation made by them that the committee wanted a much more extensive investigation conducted than was the case last year.

Last year they touched on the problem when they were dealing with the annual report of the board of grain commissioners. They raised a question as to the number of mills licensed by the board of grain commissioners and the number not licensed. They raised a question whether or not P.F.A.A. payments were made by the unlicensed mills. These payments are not made by the unlicensed mills. Two or three similar questions were brought up. There was not an extensive discussion, so the committee ended up with the recommendation that something further be done.

We gave consideration to the question of what type of further investigation should be conducted, whether a commission should be appointed to look into the matter or whether it might better be aired before a committee of the House of Commons. We reached the conclusion that the latter was the best method to follow at this stage.

I consulted with the members of the Canadian wheat board. They said they would welcome a study of the marketing system, the system of quotas and so on. The government has no particular intention with regard to this matter. The hon. member for Drummond-Arthabaska wanted me to state what my intentions were with respect to the committee. I am not suggesting any plan or giving any directions to the committee whatsoever. The committee are simply being afforded the opportunity to do what they indicated last year they would like to do.

With the reference of this subject matter to the committee its members now will be in a position to call witnesses and have the case presented to them. An opportunity will be provided to interested parties in the prairie provinces to come and state their case before the committee. What the committee winds up with after having reviewed the situation is something we will watch with interest, but the government are not taking any position whatsoever on this problem. We are awaiting the consideration of the whole question by the committee. The committee are widely representative of the farming interests in the three prairie provinces and in part of British Columbia. The members of the House of Commons who are on the committee are farmers with practical experience in the methods that have been followed now for so many years, and they have the background information with regard to the marketing system and the operation of the feed mills.

Nevertheless, there is a matter that requires to be cleared up; whether all mills should be brought under agreements with the wheat board, or whether the situation should be left as it is at the present time. That is a question I cannot answer. There is the question of whether something should be done with regard to the P.F.A.A. payments, reference to which will be found in a question and answer on page 421 of the evidence heard by the committee last year. I am not in a position to answer that question.

And so it goes. The committee could consider the prosecutions that have been undertaken with regard to people delivering to feed mills or feed mills accepting deliveries. Again, I cannot give the answer to the question of whether this system should be continued or discontinued. Under a proper democratic system a committee of the House of Commons, representative of all parties in the house and of the farming interests of Canada, will be able to examine the problem and come to some conclusion.

Whether any change will be required in the act, I am not in a position to state at the moment; but I want it clearly understood that there is no intention on the part of the government to direct the committee in any way. It is intended that there should be a free and frank discussion of a problem which has caused some misunderstanding or disturbed many prairie dwellers. If this is the best way to clear it up, that will satisfy the situation, but it was quite obvious that we had reached the stage where there should be a general airing of the problem. I am sure that many members of the house who have had letters from their constituents or who have written me about this matter would like to have all the evidence submitted.

The committee will be able to call before them the members of the Canadian wheat board, the members of the board of grain commissioners, representatives of elevator companies, representatives of the wheat pools, representatives of the feed mills and individual farmers who have a case to state in connection with these operations. Consequently it will be open to anyone to express his opinion with regard to the operation of the marketing system and the operation of the particular acts that govern this matter and to discuss changes that may be in the minds of some people or, as the hon. member

for Assiniboia (Mr. Argue) quite rightly pointed out, who may come forward with measures to strengthen the present system of marketing.

All of this matter is now open to the committee to investigate without any intention, direction or thought in the minds of the government with regard to any changes. The matter is completely wide open without any concealed design whatsoever on the part of the government. I would hope there may be no misconceptions with regard to that matter. This is just a proper democratic procedure to clear the air with regard to certain problems that have arisen over the last few years in the prairie provinces.

Mr. Pickersgill: Will the minister permit a question?

Mr. Churchill: Yes.

Mr. Pickersgill: Does the minister not think that all the arguments he has advanced for this committee apply with equal force to the defence committee which was asked for by my hon. friend?

Mr. Churchill: That is an irrelevant question.

Mr. Argue: I should like to ask a question if I may. It is clear, however, in the minister's mind, is it not, that if changes in policy result from any recommendation or any studies that take place, it is the responsibility of the government for any such change in policy?

Mr. Churchill: Oh, yes; by all means. The government will take full responsibility for any changes that may be subsequently proposed.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to.

TRANS-CANADA HIGHWAY ACT

AMENDMENTS TO EXTEND PERIOD OF PAYMENTS AND INCREASE MAXIMUM EXPENDITURES

Hon. D. J. Walker (Minister of Public Works) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to extend until March 31, 1964, the period during which contributions or payments may be made to the provinces under the act and to prolong until December 31, 1963, the period in respect to which construction costs may be incurred under this act; and to provide also that the aggregate of all expenditures under the act may be increased to a maximum of four hundred million dollars.

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

Mr. Pearson: Is the minister going to say anything?

Mr. Walker: Hon. members will be glad to learn that I am not going to labour the matter on the resolution stage. The matter was gone into *in extenso* in the debates in 1949, when the bill was passed; in 1956 when it was amended and when my friend the hon. member for Bonavista-Twillingate was a member of the cabinet; and again last year when an excellent debate took place at which time the Secretary of State for External Affairs was the responsible minister. All I am going to say this afternoon is that the resolution is divided into two parts.

As to the first, we cannot hope to have the trans-Canada highway completed by the end of 1960 because most of the provinces have not yet completed their part of the project. Because of that fact we are asking for an extension of time from December 31, 1960 to December 31, 1963. We are also asking for an extension of time for the payment of the accounts from May 31, 1961 to May 31, 1964. Because of this extension there will be, of course, further building than we had anticipated. We are therefore asking that the amount of money voted by parliament, which to date is $350 million, should be increased to $400 million.

That is all I have to say at this stage on the resolution. I shall be glad to answer, within my capacity, any questions that might be asked.

Mr. Pearson: The minister has just said that he was not going to labour this question very much this afternoon. Perhaps if there had been a little more labour in the past 12 months it might have brought forth a completed highway. It was a year ago, in the debate to which the minister has referred, that we were told by the minister of that time on February 20, 1959 that with the possible exception of Newfoundland the trans-Canada highway would be completed by the end of this year.

Mr. Walker: May I ask my hon. friend a question? Perhaps my hon. friend does not appreciate the fact that we are not building the highway. The provinces are doing that. If he is blaming any province for not having its share completed. Do I take it that his blame is attributed to the provinces?

Mr. Pearson: I know who is building the highway. It is a co-operative venture between the federal government and the provincial governments. The provincial governments, of course, are responsible for the

actual building of the highway but they get support and assistance from the federal government.

Mr. Walker: That is right.

Mr. Pearson: I am repeating what the minister said in this house last year, namely that the highway would be completed by the end of 1960. Indeed we were also told in the report of proceedings under the highway act, on page 1, that such happy achievement would in all probability be accomplished by the end of 1960. If you read that report—and this is the report of operations under the Trans-Canada Highway Act; it is a federal report—you will find the following:

> Present indications are that, with the possible exception of the province of Newfoundland, each of the participating provinces will complete the construction of its section of the highway for 31 December, 1960.

That achievement has not been possible. Therefore the federal government have introduced this resolution on which will be based an act which will require the extension of the period so that this highway can be completed.

It is not so easy, Mr. Chairman, to understand why this highway has not been completed and why the predictions of a year ago have not been fulfilled in the case of British Columbia and Ontario. In Ontario the uncompleted part, of course, is in northern Ontario. The residents there will be disappointed that the road is not yet completed and that the province, which was boasting of its good financial condition a few weeks ago when its budget was introduced, has not been able to finance that part of the highway in northern Ontario or indeed that road which was to be built according to trans-Canada standards to Chapleau from Thessalon and then joining the trans-Canada highway on the lake Superior coast. It is also not so easy to understand why British Columbia should not have completed this highway. That is a province which not so long ago is reported to have burned its mortgage. It therefore could not have been financial consideration that stood in the way of its completion. It is also a province which has a minister of highways who has always shown a burning interest in speeed. In any event, the highway has not been completed and this resolution is required to bring that about.

The trans-Canada highway was one of the projects—this may be forgotten by some hon. members of this house—for national development recommended at the national Liberal convention of 1948 and it was initiated in the following year. Throughout the whole period that the former government was in office the minister who had responsibility for the trans-Canada highway, the Hon. Robert Winters, pushed this project forward with characteristic energy, business ability and zeal.

Originally the federal contribution, as hon. members know, was half the cost of construction with the exception of in the national parks, where of course the federal government bore the full cost of construction of the highway. But in 1955 the federal government of that day decided that an additional incentive was needed to encourage the provinces to complete the road, and as a gap filling incentive parliament was asked, and it agreed, to have the federal government share the cost up to 90 per cent of any 10 per cent of the highway in each province; and of course naturally the provinces picked the 10 per cent which was the most expensive to build.

This amendment in 1956 resulted in greatly increased activity and in some provinces proved a sufficient incentive to ensure completion of the highway. I understand that the highway is now completed in the prairie provinces and in Prince Edward Island. But the experience of 1956 and 1957 made it clear that the cost of building the road was throwing an unfair burden on three of the Atlantic provinces, New Brunswick, Nova Scotia and Newfoundland. All three of these provinces had to build shares of the road which were disproportionate to their share of the Canadian population and Canadian wealth. Moreover, unlike most other provinces the Atlantic provinces had not shared at all in the substantial federal contribution to the building of new railways and canals.

We felt that on grounds of equity and indeed in the national interest the Atlantic provinces deserved special financial consideration to enable them to complete their sections of the trans-Canada highway. So, Mr. Chairman, the Liberal party at its convention in 1958 recommended, and I quote from the resolution passed at that convention, "Special assistance in the provision of trunk highways in all four Atlantic provinces". Subsequently we stated that in the view of our party the federal government should assume 90 per cent of the cost of completing the trans-Canada highway in the Atlantic provinces. That remains our policy, Mr. Chairman, and we now urge the government in the bill to be founded on this resolution to incorporate a provision to that effect.

Mr. Walker: Would my hon. friend permit a question. When my hon. friend was part of the Liberal government did he or did the government of that day ever make such a proposal to assist the Atlantic provinces?

Mr. Pearson: I have just explained that we did make a proposal in 1956 which increased the federal share.

Mr. Walker: To all the provinces?

Mr. Pearson: All the provinces. Then two years later we made the proposal, in view of the experience with working out that earlier proposal and the special consideration required for the Atlantic provinces, that some special consideration should be given to the Atlantic provinces. That is the proposal we made in 1958 and on which we still stand. We urge the government to introduce a proposal to that effect in the bill which will be founded on this resolution.

We believe that this special treatment for the Atlantic provinces is in the national interest for the following reasons. First, because the Atlantic provinces now suffer under a disability compared with other provinces in the field of transportation. Second, because the Atlantic provinces have a greatly disproportionate share of the national highway to build and a smaller capacity to pay for it than the other provinces. Third, because the Atlantic provinces have proportionately less favourable employment prospects at this time than other provinces, and a speed-up of the trans-Canada highway in those areas particularly would be a stimulus to employment and economic activity in the area, and I know that economic activity would be greatly welcomed. Fourth, the completion of the trans-Canada highway would be a most effective step toward increasing economic development and activity in the Atlantic region.

This should be a very easy proposal for the government to accept because of statements made in 1956 when help was being discussed by members of the then opposition who are now on the government side, some of them ministers of the crown. I recall that in the debate of 1956 the hon. member who is now parliamentary secretary to the Minister of Transport had this to say, as reported at page 2523 of *Hansard* for March 22 of that year:

> I suggest that this government should pay 90 per cent of the cost of the construction of the whole road.

Mr. Chairman, we are not going as far as that in our proposal. We are suggesting that they pay 90 per cent of the cost of construction in the Atlantic provinces. The present Minister of Justice had this to say, as reported on page 2942 of *Hansard* for April 16, 1956:

> I said a few words prior to the adjournment on that day in which I had just got to the point where I was seeking to demonstrate that the proposal now before the house—

That is, for 10 per cent of the most expensive part of the road.

> —is neither adequate to ensure the completion of the trans-Canada highway by the date mentioned in the resolution, namely, December 31, 1960, nor is it fair as between provinces which are participating members under the trans-Canada highway agreement.

The Minister of Justice again had this to say as reported on page 2977 of *Hansard* for April 16, 1956:

> At the present time we are not getting any action. We are not going to have a trans-Canada highway by 1960 as this resolution calls for because this government does not have a sensible, progressive, far-reaching trans-Canada highway policy.

What he meant by that was that the federal government of that day was not paying a big enough share of the cost; so the Minister of Justice will no doubt be in support of this resolution. Then the Minister of Transport had this to say, as reported on page 2955 of *Hansard* for April 16, 1956:

> I think that we in this parliament, particularly the government, must face up to the hard, cold fact that if this highway is to be built within the foreseeable future, the federal government must assume the financial responsibility for its construction and stop playing around with makeshift methods of trying to get it built.

In short, he was saying that if this highway is going to be built in the foreseeable future the federal government must assume financial responsibility and get on with the job.

Mr. Pickersgill: Would the hon. member indicate who was speaking at that time?

Mr. Pearson: The present Minister of Transport, the Hon. Mr. Hees, as reported on page 2955 of *Hansard* for April 16, 1956.

Indeed, the Secretary of State for External Affairs took the same position in regard to the desirability of the federal government paying a larger share, because he said in the same debate, as reported at page 2965 of *Hansard* for April 16, 1956:

> The government could well afford to offer a larger contribution to the provinces.

In view of the attitude taken by hon. members who are now in the government when they were on this side of the house, we would like to put this proposal to them and we shall, surely, be able to count on their support for what is very modest compared with what they themselves proposed in 1956, namely that the government in the bill to be based on this resolution should assist the three Atlantic provinces in the completion of this trans-Canada highway by contributing the cost of the remaining sections of the highway.

Mr. Herridge: I rise to express the support of this party for the purpose of this resolution. There has been a very hurried assembling of notes on my part; I got notice of this discussion about ten minutes ago. I have always taken a great interest in the building of highways. As a matter of fact, I earned the first dollar I ever earned packing supplies into the mountains for the building of trails. Since that time I have had charge of building many miles of standard highway, so I know something about highway construction. Really, I know a lot about a lot of things, apparently.

On this occasion, when we are talking about the trans-Canada highway system, my mind goes back into the past, the result, perhaps, of the affliction of increasing age. But when I was packing in these supplies I learned for the first time the recipe for what is known as Kootenay mulligan, which was made by the men in the evening for their evening meal. In case anybody is interested in the recipe—

Mr. Pearson: Is it a drink or a food?

Mr. Herridge: I am going to give the recipe now, because I see that the hon. member for Essex East is interested in this, as he is in most things. Here it is:

One empty five-gallon kerosene can
One case of clams
Four gallons of water—

Some hon. Members: Oh.

Mr. Herridge:

One bottle of Scotch whisky
One tablespoon of 60 per cent dynamite
Boil for one hour and serve hot.

That brew was actually made on several occasions while I was employed on the first construction job in which I had the opportunity to take part. We have come a long way since those days. I remember that for one road construction job through heavy forest in British Columbia the government of British Columbia allowed the princely sum of $100 a mile—and the road was built 20 feet wide, with the stumps cut off to ground level.

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

Mr. Herridge: Delighted.

Mr. McGee: Would he tell us whether this brew was used for drinking purposes or for removing stumps?

Mr. Herridge: It was used at the evening meal, and it had a most stimulating effect on the crew. I shall never forget one night when, in fear and trembling, with my horses tied up at various trees, I saw that the rest of the crew had taken off all their clothes after dinner. A number of them were Englishmen who had received their education at various universities and who had some knowledge of classical history. They spent most of the night posing around a bonfire on various cedar stumps as Adonis, Venus, Minerva, Diana and Hercules, etc.

Mr. Pickersgill: Did the hon. gentleman say "Venus"?

Mr. Herridge: Yes, in the evening—

Mr. Walker: Is the hon. member suggesting we should revive the making of this brew in order to expedite the construction of highways?

Mr. Herridge: I can say that it was an excellent crew and whether it could be attributed to the effects of the Kootenay mulligan or not the trails were built at very low cost compared with present day costs. I mention this incident to indicate how the circumstances have changed.

Mr. Martin (Essex East): Before the hon. gentleman proceeds—in view of the very interesting story he is now in the process of developing, does he think that the nature of the story from now on is such that the page boys should be asked to leave the chamber?

Mr. Herridge: I am leaving the early history of trail building now and proceeding to modern times.

There has been a latent interest in the trans-Canada highway in Canada for a good many years. If my memory serves me aright, the first Trans-Canada Highway Act was passed in 1919 when the federal government pledged the princely sum of $20 million to be shared with the provinces on the construction of highways within each province, to be used as the provinces themselves designated. The federal government paid 40 per cent of the cost and the provinces paid the other 60 per cent. That initial enthusiasm apparently died down, as far as I had been able to gather, after a few years of experience. Then, in 1932, several measures were passed by the federal government to the general advantage of Canada, in my opinion, under that section of the constitution—I see the hon. member for Bonavista-Twillingate looking at me; if I make any slips I will refer to him for information concerning the constitutional procedure—providing for public works and other things including highways for the general advantage of Canada. I know that other projects were included at that time—river bank protection, and so on—and I think this was the legislation under which the first work was done on the Big Bend highway round the big bend

of the Columbia. The legislation was passed at that time, particularly, in order to provide for unemployment—

Mr. Pickersgill: Surely, the hon. gentleman means "employment"?

Mr. Herridge: Pardon me. I meant to say "to meet unemployment", or "to provide employment", whichever way the hon. gentleman wishes to have it put.

Since I have had the honour of being a member of this house—and I give credit where it is due—under the leadership of the former prime minister, Mr. St. Laurent, the Trans-Canada Highway Act was passed in 1949, though only after a great deal of stimulation from many organizations throughout the country. Incidentally, I may say that the C.C.F. party can take some credit for the victory in this respect, because we have urged the advantages of a national highway program for a great many years. This follows from the fact that our policies are logical and related to planning for the needs of the country and its development.

Finally, we had the recent roads to resources program initiated by the Minister of Northern Affairs and National Resources on a dollar for dollar basis with the provinces. Just what this program has accomplished or may accomplish we are not certain at the present time; the scheme is in its infant stage, but we hope it will grow. The picture will become more clearly defined as the days pass by.

We assume that this legislation now being introduced by the minister is for the purpose of providing funds to enable the trans-Canada highway to be completed. We have all been looking forward to its completion for a number of years. I might say, before passing on, that all this legislation from 1919 onwards indicates that successive federal governments, regardless of their political nature, have had twinges of conscience in connection with their responsibility for the development of a national highway system and the assistance of the provinces in the construction of the trans-Canada highway. There can be no doubt that the development of industry, agriculture and our recreational potential, particularly the tourist industry, makes the development of a national highway system more urgent every day. One only has to read the attractive little booklet published by the Canadian government travel bureau entitled "Trans-Canada Highway" to see how the work which has been done to date has been used as a lure to tourists from other countries, particularly from the United States.

Interesting representations on a wide scale have been made by a large number of organizations to successive governments in this connection especially following world war II when the idea again cropped up that we should do something about a trans-Canada highway. One of the first representations was made by the Calgary board of trade in 1946 to the Right Hon. Mackenzie King the then prime minister of Canada. The brief contains a complete outline of the needs. I will place them on the record because it is obvious that serious thought was given to this question by that board:

Briefly, a few of the reasons why we believe the dominion government should take an active interest in the development of an adequate highway system are as follows:

You will notice they say "system" and not just trans-Canada highway. I continue:

1. To foster and encourage communication between the separate provinces of our dominion with a view of developing a national spirit.
2. To insure Canada to some extent against unemployment.

That suggestion is a possible means of meeting the problem created by seasonal unemployment, particularly in a planned national highways system carried on in co-operation with the provinces given effect to at the time required to do the greatest good with respect to relieving seasonal unemployment. I continue:

3. To attract American tourists and to capitalize on the favourable advertising we have received during the past six years.
4. To keep Canadian tourists at home by making motor travel in our own country as attractive as it is elsewhere.
5. To assist in the development of our natural resources, especially mining and forestry.

That is a fundamental reason, I continue:

6. To provide a better and more adequate postal service in rural areas, and in communities not served by railways.
7. To improve the health of our nation by bringing hospital centres and medical services closer to our rural citizens through the use of motor transport.
8. To develop our educational system by providing roads over which buses may travel and bring the students to the centres where they will receive adequate and proper training. Seven out of ten buses operating in the United States are school buses.
9. To encourage farming by bringing the farmer closer to his market with the use of motor equipment; reducing costs of transportation over short hauls; and making it possible for the farmer to diversify his efforts and market produce which he otherwise would be restricted from doing through lack of roads.
10. To encourage immigration from the United States, where we find the finest type of immigrant that Canada can obtain. Farmers from the middle western states are continually looking for good land such as we have in Canada, but will not move to a country where they are not provided with facilities comparable to those which exist in the country from which they come.

11. To assist the individual owner of a motor vehicle to operate same more economically. It is being suggested that there will be four million vehicles operating in Canada by 1960 if adequate roads are provided.

I think that figure is already exceeded at this time. I continue:

It has been proved, by test, that it costs one half cent per mile more to operate a car on gravel than it does on pavement. It therefore costs an individual who drives his car 20,000 miles in a year, $100 extra; a national economic loss of possibly $100 million a year.

The brief goes on to state:

The United States long ago realized the necessity of national assistance in the building of an adequate highway system and that is why today we find excellent hard surfaced highways extending from coast to coast, and through areas as sparsely populated as northern Ontario.

Northern Ontario has been one of the problem districts so far as building the trans-Canada highway is concerned. The brief continues:

The history of the United States federal highway development is a revelation to most Canadians.

We will admit we are 50 years behind in our development in this respect but if we were to read the history of legislation in the United States and what has been accomplished I think we would learn a great deal. We could use the experience of the United States not only in legislation but as an illustration of the co-operation between the federal government and the states as well as in the administration of highway programs and in the methods used in the building of highways.

The brief deals with the extensive highway system in the United States and refers to the system of highways being developed in Mexico. Anyone who has been to Mexico knows that this relatively poor country from the point of view of Canada's wealth of resources has done a great deal more with its resources in the development of a national highways system than has been done in Canada to date.

This brief written in 1945 urges the dominion government to embark on a program similar to the United States federal aid program providing for the development of a national highways system.

Later on the board of trade of southeastern British Columbia—a most progressive and alert body—made representation to the federal government with respect to the southern trans-provincial highway, being made a part of a national highway system. The latest representations, I understand, have been made by the automobile association of Canada to the present government. They presented an excellent brief. All these representations indicate the growing need for action on the part of the federal government to do something more than has been done in the past.

I will read the concluding paragraph of the brief of the automobile association of Canada to this government:

The Canadian Automobile Association, as a result of these facts and observations, requests the federal government to convene a conference of the federal and provincial governments and representatives of the major municipal governments that would have as its objectives (1) the examination of all matters commented upon in this submission, especially consideration of a national system of highways for Canada; (2) the desirability or otherwise of establishing a continuing body, to be composed of the representatives of federal, provincial and municipal governments, that would act in a consultative capacity, and would make recommendations to the respective governments on the most efficient policies that would serve the national interest in highway construction and administration; (3) the examination and study of present financial responsibilities of governments for road building that would assist governments in accurately assessing this aspect of their mutual financial problems and which would help in the broader field of dominion-provincial fiscal relations; (4) the formulation and projection of road and street programs that would best serve the national interests.

We in this group have no hesitation in supporting the representations of this association. Here is another illustration of the changing circumstances in 50 years. Fifty years ago the members of automobile associations were largely those in the upper crust, the more fortunate in society. What do we find today? The great bulk of members of these associations are working people so when the Canadian Automobile Association makes representations to the government of Canada it does so on behalf of a widespread section of the Canadian people and in so doing does not represent any particular class or interest but a national need.

In drawing my brief remarks to conclusion, I urge the government to take action as quickly as possible in completing the present trans-Canada highway. Meanwhile, a conference with the provinces should be called to prepare for a national highways policy with a view to establishing by mutual agreement and in co-operation, a policy for the building of a national highways system to meet our present needs, to assist in the promotion of the economic development of Canada and provide opportunities for what I would term some massive planning to meet the seasonal unemployment that occurs from time to time in this country.

Mr. Forbes: Mr. Chairman, I wish to express my approval of this resolution to provide funds for the completion of the present trans-Canada highway, but I am of the opinion that we should be providing more money to start a second trans-Canada highway. In view of the fact that the present

trans-Canada highway is practically completed in Manitoba and is already completed in Saskatchewan, I would suggest it is time we started on a second trans-Canada highway.

I would further suggest that this highway could well start north of Brandon, follow No. 10 highway through the Riding Mountain national park to a point possibly at Mafeking, or on to Flin Flon, and then extend west into Saskatchewan and lead into Alberta. I understand my colleagues from the western provinces are also interested in this second trans-Canada highway, therefore there is no need for me to say anything about the potentialities of this proposed route except those involving Manitoba itself.

The potentials along the northern route are particularly significant in the light of the future development of our natural resources. In Manitoba it will provide ready access to the extensive mineral development of the Flin Flon area as well as the Thompson-Moak lake developments. In both Manitoba and Saskatchewan it touches extensive forest areas waiting for better transportation to speed the establishment of pulp mills and other forest product industries.

I would like to point out that this route has a far better potential for forest based industries as well as a highway to attract tourists than the southern trans-Canada route. The route would pass through our Riding Mountain national park, and the entire route is in either park land or forest land with numerous lakes and ever-changing scenery of rich agricultural or tree areas.

I contend that the construction of a second trans-Canada highway across the northern areas would be the biggest contribution that could be made under a joint federal-provincial program to the tourist industry in western Canada. At the present time we are nearing the stage where we will have one paved highway across the western provinces. It is a well-known fact that tourists prefer to travel a different route on the return home than on the way out; in other words, a round trip is more interesting than covering the same ground. Not only does this enable the tourist to see more of the country but it also eliminates the tendency, engendered by travelling over the same route, to make the return trip in a minimum of time rather than taking it in a more leisurely fashion, thus spending additional days in the country.

With tourist trade ranking third in terms of foreign exchange, after only pulp and paper and wheat, a second trans-Canada highway should be built with the idea in mind of attracting more tourists to western Canada and encouraging Canadians to see as much of their country as possible.

In conclusion, may I say I hope the minister will give consideration to commencing the construction of this second trans-Canada highway this year. I agree with the hon. member for Kootenay West that the construction of a second trans-Canada highway would add greatly to the employment of men at that time of the year when there is not too much work available, in surveying, brushing and so forth. I hope the minister will give his early consideration to the commencement of this second trans-Canada route.

Mr. Granger: Mr. Chairman, the measure which is to be introduced to amend the Trans-Canada Highway Act so that the period of construction may be extended is of particular interest to me and to all of us from Newfoundland, for a large section of the trans-Canada highway goes through my riding. The trans-island road enters my riding just east of Gander and traverses the whole width of it. Only a small part of it is paved and only a part of it has been brought up to trans-Canada highway standards. Part of it is a long difficult stretch known as Halls Bay line, which is far from trans-Canada highway specifications.

The proposed amendment to the Trans-Canada Highway Act is sound as far as it goes but in my opinion it does not go far enough. It should be further amended so that the cost of building the trans-Canada highway would be less burdensome on the tenth province. The number of miles compared with the population and the ability to pay should be taken into account. In order to finish the job I support the suggestion of the Leader of the Opposition that the federal government pay 90 per cent of the cost of building the trans-Canada highway in Newfoundland and in the other Atlantic provinces.

I am glad that the Newfoundland situation is known to the Minister of Public Works. Last fall he visited St. John's, Newfoundland, and the press reports indicated that he was very sympathetic. Perhaps I may be forgiven if I may refer to some of the reports of that time. I read from the Montreal *Gazette* of October 21, 1959:

> St. John's, October 19—Within the powers and capacities of Ottawa, Newfoundland will be given what it has long since deserved, federal works minister Walker said today. He made the statement as he opened a $4,500,000 federal building to house nine government agencies in the Newfoundland capital. Mr. Walker said he is taking back to Ottawa impressions of the island's problems and needs which he will place before the cabinet.

And further:

> This province is entitled to a great deal, he told a conference with Newfoundland journalists yesterday, proceeding to explain that Newfoundland had

dropped behind normal Canadian standards of government services because she had entered confederation in 1949, instead of 1867.

He called the trans-Canada highway a gigantic undertaking, requiring a great deal of study. Answering a question regarding the trans-Canada highway across Newfoundland, Mr. Walker said:

"Under the Trans-Canada Highway Act the road is to be built across Newfoundland under a partnership between the provincial and federal governments. I can't say when the highway will be completed, as this also depends on the provincial government, but as far as the road through Terra Nova national park is concerned, for which the federal government alone is responsible, that will be completed in 1960."

And further:

"Will there be any reduction in public works expenditure in Newfoundland next year?" one newsman asked. "Not if I can help it", Mr. Walker replied. "Development here is long overdue", he continued.

Perhaps the hon. member for Bonavista-Twillingate will agree with that. There are other reports, all, I am glad to say, very sympathetic toward us, showing the minister's keen interest in the problems of the tenth province.

I am not alone in believing that increased financial support is necessary if the trans-Canada highway is to be finished in the Atlantic region within a reasonable length of time. The national Liberal convention, in its declared policy early in 1958, said:

The Liberal party, to help remove the economic disabilities of the Atlantic provinces, advocates special assistance in the provision of trunk highways in all four Atlantic provinces for heavy traffic to and from central Canada and the United States, to promote trade and the tourist industry.

The most important of all trunk highways is the trans-Canada highway. Earlier, before the election of 1957, the Progressive Conservative party, in their Atlantic resolutions, promised:

Adjustments of freight rates and provision of transportation facilities to allow our producers reasonable access to the markets of Canada.

And further:

A capital projects program to provide federal capital assistance for provincial projects, destined to enlarge the basic economy of the area.

These are the commitments of the two great parties. The difference, of course, is that we in the Liberal party are in opposition and can only suggest and request, while the Progressive Conservative party is in power and can, if they want to, carry out their promises to provide better transportation facilities in the Atlantic region and to provide federal capital assistance for this important project which would enlarge the basic economy of the Atlantic provinces area.

The most crucial need of Newfoundland is more and better roads and the trans-Canada highway as the spinal column of the provincial road system. In fact, the whole matter of transportation is of the utmost importance to the tenth province and I trust that all Canadians may realize the necessity of bringing the trans-island road in Newfoundland up to trans-Canada specifications and bringing transportation in Newfoundland abreast the rest of Canada.

To my way of thinking the lack of transportation facilities in our province is the concern of all of our nation. When Newfoundland became a member of the Canadian family it was the general intent, and the public seemed to agree completely, that as soon as possible the tenth province would enjoy the public services so long enjoyed by those who have had the benefits of confederation for half a century. One of the greatest of all needs is an adequate road system.

Historically, most of the province's transportation was done by sea. The island was settled by men whose business was fishing and they settled along the deeply indented seacoast as near as possible to the fishing grounds. Hundreds of settlements grew along our coastline. Transportation was mostly by water. The schooner was the stagecoach and the small boat the cab. In time coastal steamers provided more regular service, but the whole of transportation was largely seasonal and isolation was accepted as part of the way of life. This continued for generations, and when road building did begin it was restricted for two main reasons, lack of money and difficult terrain. I might add that these two severe restrictions are still with us at the present time.

Like the other Atlantic provinces, Newfoundland cannot boast of the flourishing economy with which some other parts of the country are blessed. The result is that there are not sufficient funds to build as quickly as is desirable and to maintain the road system which is necessary if the province is to maintain a rate of progress commensurate with the rest of Canada.

I do not think it is necessary, or for that matter proper, to dilate upon the matter of economic ability here except in so far as it affects road building. I should like to emphasize that our province has improved greatly since confederation but at a cost which is draining its resources, and the greatest drain of all is the trans-Canada highway, a highway which Newfoundland must have if she is going to develop.

Before going further I should like to speak briefly on the general concept of the trans-Canada highway. Certainly it was an enlightened move and followed in the traditions of those who dreamed of and built the great transcontinental railways. Great

Canadians of the past were well aware of the need for and value of a transportation system. They realized very clearly that transportation was the real key to nationhood. They acted with wisdom and daring and they employed the means of transportation which in their day was the most efficient, the railway. At that time the railway was the most modern and efficient means of transportation. Water transportation, with all its great values, was limited in its uses, and while water transportation provided and still provides vital services it could not do the job which nationhood required. Land transportation could and at that time the railway was the best means available.

I mention this to show that it was not railways as such which the statesmen of the day were concerned with but rather transportation, transportion on a national scale, which was the business of the federal government and which only the federal government could effectively create. The value of rail transportation, its effect on unifying the nation, of which there is living proof in the cities and towns to which the railways gave birth, strength and vigour, and the unity with which Canada has been blessed are all matters of history now. But it is in the light of this history that the trans-Canada highway must be viewed, for whether the transportation is by narrow ribbons of steel or by broader ribbons of concrete the results to nationhood are the same and the principle is the same although the practice is not. The same national concept of transportation is applied to the modern air lines, and who can deny the great service which the federally instituted Trans-Canada Air Lines had rendered Canada.

Canals too have received much federal support. In fact, federal governments of the past were very much alive to federal responsibility in transportation. But in between the railways, canals and air lines the evolution of transportation worked strange wonders with roads. Roads were largely parochial until the advent of the motor car when they were extended from populous centres until they become provincial, and although the twentieth century rolls along on the wheels of motor cars and the whole pattern of transportation has changed, roads still remain anchored to parochial and provincial traditions while in fact the highway has long since surpassed the railway in its importance to national unity and growth.

The originators of the trans-Canada highway recognized the importance of a road from one coast of Canada to the other and the great movement was launched. It was farsighted and enlightened and on the whole has worked out amazingly well. But time has marched on and, like every device of man, weaknesses show up which have to be corrected. The formula that launched the highway and brought it close to fruition needs adjustment to finish the job.

The sharing of costs between the provinces and the federal government on a 50-50 basis was eventually modified so that 90 per cent of the cost of some sections would be borne by the federal government. The reason simply lies in a practical assessment of the facts. Half the cost of building a road to trans-Canada standards was too high an amount to be borne by some of the poorer provinces. Directly and indirectly the trans-Canada highway is of benefit to all of Canada for highways in fact truly carry traffic both ways. This one great road, this trans-Canada highway, is in fact the nation's business. Delay in the completion of the trans-Canada highway has come about because of the kind of terrain, the distances involved, density of population and the ability to pay. In all of these respects the formula is unfair to Newfoundland. Within my own district of Grand Falls-White Bay-Labrador there are 151½ miles of trans-island road and of this 18.8—

The Deputy Chairman: Order. It is now five o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Speaker: It being five o'clock, the house will now proceed to the consideration of private and public bills, the former having precedence pursuant to section 3 of standing order 15.

Mr. Pickersgill: Mr. Speaker, before we proceed to private and public bills, I wonder whether I could ascertain from the leader of the house if I am correct in understanding that we go on with the supplementary estimates at eight o'clock.

Mr. Churchill: That is correct, and if we complete them in short order we will come back to the trans-Canada highway resolution.

Mr. Morton: Mr. Speaker, may I refer to orders Nos. 69, 70, 71, 72, 73, 74, 75 and 76 and on behalf of the sponsors of these private bills ask that they be given precedence over divorce bills. In some cases delay may bring hardship on the companies concerned. With respect to the bill I am sponsoring I know that the company hopes to start operations by May 1. We have had consent before that such bills take precedence.

Mr. Pickersgill: I am sorry, sir, but I am afraid we cannot agree.

Mr. Peters: On behalf of the C.C.F., may I say that we will be very pleased to have these bills brought forward. We believe that this is not—

Mr. Speaker: It is obvious there is not unanimous consent. We shall proceed with the order paper.

Mr. Howard: Unadulterated Liberal obstruction.

Mr. Pickersgill: Obstruction?

Mr. McCleave: Talk about obstruction: C.C.F. hypocrites.

PRIVATE BILLS

DONALD SNOWDON

The house in committee on Bill No. SD-31, for the relief of Donald Snowdon—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Martin (Timmins): With regard to this Bill No. SD-31, may I say that it seems to me there are a great many inconsistencies and contradictions. There are in this bill any number of things which make one wonder how it could have been passed in its present form without at least being tidied up a bit. The first inconsistency we find here may be a minor one but, as I say, in order to tidy the bill up I think something should have been done at some stage. At page 5, which contains the petition, we find that clause 5 thereof states as follows:

5. That after the said marriage your petitioner lived and cohabited with the said ... and there is living of the said marriage one child, ... age seven years.

Then when we look at page 12 of the evidence given before the committee we find that the petitioner was asked this question by one of the hon. senators:

Q. Have you been looking after your little boy since you separated?
A. Yes.
Q. How old is he now?
A. Eight years old.

This may be a minor mix-up but at the same time it is something which, when taken into consideration with the evidence as a whole, points up one of the many things which I intend to point out, one of the many inconsistencies contained in the evidence presented in connection with this bill.

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

Mr. Martin (Timmins): Yes.

Mr. McCleave: Will he not agree that the petition was dated the 16th day of July, 1959 and the boy could have grown a bit since then?

[Mr. Pickersgill.]

Mr. Martin (Timmins): I thank the hon. member for pointing out that fact. Possibly that may be one of the things I overlooked in this bill. That would account for this particular difference. I hope the rest of the inconsistencies I intend to bring out can be explained as easily.

We have, for example, on the night in question, which I believe was June 18, 1959, the date on which the alleged adultery occurred, a description of the apparel worn by the respondent and the corespondent. We find at page 12, when the petitioner was being questioned—I believe this time by the attorney, Mr. Cohen—the following questions:

Q. Could you tell us what happened on the 18th of June, 1959, at 5175 Charles roi in Montreal?
A. I went there myself. I found the address where she was living and I went there about 9 o'clock on the evening of June 18. I rang the doorbell, she answered; she was in her nightgown—

Then again, on page 12, the question was asked by Mr. Cohen:

Q. The madam was in the nightdress and ... was in his pajamas?
A. Yes.

Then on page 14, in an answer which the petitioner gave to one of the hon. senators:

When I went there this man was sitting there with her and she was in her nightgown and he in his pajamas.
A. Yes.

Then over on page 15 when the respondent was being questioned she was asked, again by the attorney:

Q. How were you dressed that evening?
A. Baby doll pajamas.

I do not profess to be an expert; I do not know the difference between a nightdress, a nightgown and baby doll pajamas. I do not know whether she was wearing one or all three. But if she was wearing all three, it might lead one to wonder how the alleged offence took place.

An hon. Member: Ways and means.

Mr. Martin (Timmins): Then we have again some inconsistency with regard to the residence of the corespondent. If we look at page 15 of the evidence, when the corespondent was being questioned by the clerk of the committee, he was asked his name and his age and we find the following question:

Q. Where do you live?
A. 7100 Querbes, Montreal, Quebec.

Then again when he is questioned by the attorney, we find the following question:

Q. ... have you ever had sexual relations with ... and if so, more particularly on June 18, 1959 at your residence at 5175 Charles roi?

I do not know whether his residence was at one place and he was living elsewhere or whether his residence was the other place

and he was living some place else again. But to me there seems to be a contradiction. I will grant you it may not be a serious contradiction but at least it is one that should have been tidied up before this bill was passed.

An hon. Member: Surely you can do it anywhere.

Mr. Martin (Timmins): Maybe the hon. member has more experience than I have in that line.

Then we come to the matter which is the basis for the divorce being granted, namely the proof of adultery. If we look again at page 5 which contains the petition, article 7 thereof which states as follows:

7. That on or about June 18, 1959, at 5175 Charles Roi, city of Montreal, district of Montreal, in the province of Quebec, the said . . . committed adultery with . . . who resides at 7100 Querbes, apt. 3, city of Montreal, district of Montreal, in the province of Quebec.

But then when we turn again to page 12 we find his question: This is a question by the attorney Mr. Cohen. I would submit that it is not a question at all but rather a statement supposedly placed in the form of a question. The question reads as follows:

Q. Since the date of the adultery on the 18th of June, 1959, have you ever had sexual relations with your wife?
A. No.

I submit that is not a proper question. That is a statement rather than a question. If it can be classified as a question at all, it is certainly a very leading one. Then on the same page we find the following question. This again is a question by the attorney to the plaintiff in this case. The question reads as follows:

Q. Was there any conversation between you and your wife at that time? Did your wife tell you anything at that time?
A. Nothing. I just said that I had come to visit her and wanted to know where she was living.

Then further down on the page we find the following question:

Q. Did your wife . . . admit living as man and wife with . . . ? Did she admit living with him and having sexual relations with him?
A. No.

Hence it is conclusive that, on both statements contained in the question by the same attorney, the allegation had no basis in fact, at least at that time. This, of course, is supposed to be the day on which the offence was committed. Also at least a shadow of doubt is cast on the statement in article 7 contained in the petition.

Now let me turn to something else, Mr. Chairman. If we look at page 12 we see the question I read a moment ago:

Q. . . .Did your wife tell you anything at that time?
A. Nothing. I just said that I had come to visit her and wanted to know where she was living.

Then on page 13 we find this question by one of the hon. senators:

Q. What did you say to her?
A. I said I had come to visit her. She had a child of her own before our marriage, and we had looked after him.

Then the same senator asked:

Q. When you went to this house where she was living in 1959, give us the conversation you had when she opened the door.
A. When she opened the door she said "Oh Donald." I said "Hello", that I had come to see her. I did not stay too long. I stepped in the doorway for a while, and she introduced this fellow.

Then on page 14 the solicitor jogs his memory a little. He asks:

Q. May I refresh your mind? When you came to my office did you not tell me that your wife said she wanted to marry—

—the respondent, and the answer is yes. The same senator had questioned this matter closely on the previous page because it apparently bothered him. He then asked:

Q. I already asked you about the conversation. It seems difficult to get it.
A. It is over a year since I went there. I went there for one purpose to see how she was living. When I went there this man was sitting there with her—

And so on. It seems to me that this a pretty loosely knit case. I think it is one that certainly could stand much closer scrutiny and I submit that evidence of this kind would never pass any court. I am sure the hon. members of this house who are lawyers would never permit testimony of this kind to go unchallenged. I think this committee should study this matter a little more closely before this bill is passed.

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

MARY NISBET CLEMENTS

The house in committee on bill No. SD-32, for the relief of Mary Nisbet Clements—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Peters: Mr. Chairman, this case appears to me to be one granted by the Senate committee on the ground of desertion. I believe the hon. senators are perfectly within their rights in saying that adultery does not have to be proven and that desertion is a good cause for divorce; that they can grant divorce on the ground of desertion if they wish. But I am surprised in reading this particular bill

at the fact that it does not establish very clearly who wants this divorce, the man or the woman. It would appear to me that they both want it quite a bit, and I think this is ascertained from the evidence.

The evidence indicates that this divorce has been arranged by agreement. The husband deserted the wife in the first place and they are both very happy to be freed from the contract of marriage. The wife points out that she had some trouble with her husband, that he was very expensive. It was a luxury she did not feel she could afford. She points out that she had to keep him. He did not particularly like being married. Though she had known him for some time she had not found out how expensive his tastes were. She says she had to pay as much as $800 to $900 expenses incurred by her husband, and that this was a calamity that she had not intended to have visited upon her and that she could not afford to keep this particular husband. Anyway, the problem was solved because he left her and so deserted her.

I think that in looking at this case the senators felt that the desertion and the fact that he was a very expensive husband were grounds anyway for granting this divorce, and I agree with them. Even in this type of case where there is some agreement it is surprising that questions asked are as inconsistent as they appeared to be in the case we have just listened to. For example, in answer to the question "Was he working right along?", she answered:

> No, he just held a job until a seizure was put on his salary and then he left, and I never knew where he was until he came back.

She has already said he had not come back, that he had left, that his desertion was a permanent affair, but I suppose this inconsistency is not of any importance anyway.

I would like to read the type of evidence given in this particular case to prove the adultery charge. I think it will be agreed that this evidence did not prove an adultery charge at all; the question hinges on desertion and the fact that this woman was much better off without this expensive husband, because her job at the office did not pay enough to keep the poor chap. The adultery section of the bill was brought out by Senator Bradley in his questioning on page 13 as follows:

> Q. What time of the day was this?
> A. About 10 o'clock in the evening. We knocked on the door which was opened by Mr. Clements, who was in bluish-grey pyjamas. I identified myself, told him the purpose of our being there, to get evidence to use in a divorce at a future date. He invited us in, very cordial like. It is a two bedroom house, a bedroom is on the left hand side. The first bedroom was one that had been used. The next bedroom they were using as a utility room; a living room on the right hand side, and a kitchen at the back of that. In the living room there was another young lady, who Mr. Clements introduced me to as Chloe Thomas. He said, "This is the woman I am living with right now."
> Q. That is what he said?
> A. He did definitely say so, sir, right in her presence and that of my associate.

Let us look at this for a moment. I suggest that evidence would indicate that there were two ladies in this house, and I think the sponsor of this bill has been very slack in not ascertaining who the first lady was. It may even be possible that it was the wife who was the first lady and the second one was the one introduced as the corespondent.

On page 12 there appears this question:

> Q. Do you know this woman Chloe Thomas?
> A. No, I don't.

I wonder why they asked her if she knew Chloe Thomas? I suggest that the lawyer in this particular case knew that she knew Chloe Thomas and that the two ladies were together in the house with the gentleman. I would also suggest it is rather surprising that at 10 o'clock in the evening they were both wandering about in pyjamas, because in modern living in the city it is not normal for people to go to bed very early. We are not suggesting that this was a one-night stand. We are suggesting they were living together in common law and I suggest therefore it is not normal for them to be standing around in pyjamas at ten o'clock in the evening unless they have invited the detectives to come that particular night.

I am happy if the Senate has seen fit to grant this divorce on the ground of desertion. I am happy to note that the Senate has decided that a common law alliance will do; that instead of proving adultery, testimony can be given: this is the name of the woman I am living with right now. I am happy that as long as a man will do this it will be accepted as grounds for divorce. I think the Senate is to be complimented on broadening the grounds for divorce and holding that adultery has no longer to be proven.

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

JOHN THOMAS FRANCIS WHITE

The house in committee on Bill No. SD-33, for the relief of John Thomas Francis White —Mr. McCleave—Mr. Rea in the chair.

Mr. Howard: If I may, I will make a comment or two on this bill. I had thought in my mind that I might at this stage make some comments also about an extremely unkind

and unwise remark passed when we entered upon this particular hour by somebody at this end of the chamber. The remark had to do with hypocrisy, but on reflection I realize that such a discussion would be out of order, no matter how unfair and derogatory the remark itself was.

With respect to this particular bill now before us, I should like to point out that it is one to which we should pay somewhat more attention than to certain of the others, because there are two young children born of this marriage, who are involved. One of them is ten years of age, and the other is eight. In addition, this is one of those instances where private investigators or private detectives are concerned and in which they gave evidence on behalf of the petitioner. I should like to make some comments about the evidence which was given by one of these investigators and draw some conclusions with regard to it later on.

The couple in this case were married in 1948, and they parted in April, 1959. An indication is given on page 10 of the evidence in a question put by Mr. Joyal, the barrister who appeared as counsel for the petitioner, when he asked of the petitioner:

Q. When did you cease living with her?
A. Some time this spring. In April, after I had been told she had been seen with somebody else.

Then, later on, the question was asked by Senator Taylor:

Q. That would be April, 1959?
A. Yes.

The respondent—the wife—now has the children, and it is pleasant to note that the committee of the other place, as indicated in the evidence, was concerned about the welfare of the children although they are, apparently, restricted in their consideration of that sort of thing, because it is none of their business, and none of our business, if we are to follow the rulings which were given earlier. Nevertheless I think that though strictly speaking this question may be outside our authority it is a matter which we ought to consider, whether we deal with it openly and express ourselves here in the committee, or whether we keep it to ourselves. I think we must consider what might happen to the children involved not only in this case but in all other such cases if we are to discharge our responsibilities.

This reference to the care of the children is more a hope than an actual indication of something which will exist. On page 12, reference is made to a question asked by the chairman, Senator Taylor. He said:

Q. You mentioned you would like to be able to take the children yourself—

The question is addressed to the petitioner

—and bring them up as they should be brought up. Is there any hope of your doing that?

A. I have made arrangements for an aunt and uncle to move in with me, and my aunt to take care of the children. I feel once I have this divorce and I get a legal separation in the province of Quebec giving me the right to have the children—

I do not know what the possibilities are of the petitioner obtaining a legal separation and custody of the children in the province of Quebec. I do not know what his chances are of obtaining an endorsation of the decision of the committee in so far as his present petition is concerned, though I should imagine his chances are relatively good. I mention this because I think it is something with which we should concern ourselves. The petitioner is at present supporting the children financially, even though the respondent has the children in her care. This is also indicated on page 10 in reply to a question asked by a senator:

Q. What do you mean by saying she has the children at present?
A. I intend that in the future I shall have them as this becomes legal. In the meantime she is maintaining them and I am paying the room and board for her and the children.
Q. You are?
A. Yes.

I raise this matter not only because I think we should concern ourselves with the welfare of the children and their maintenance together with their opportunities for education and so on if the divorce should be approved, but because notwithstanding the indication given by the hon. member for Halifax on another occasion that it is not within our jurisdiction to deal with the question of custody and maintenance of the children, I think it is within our responsibility to speculate and wonder about the welfare of these children in cases where petitions are granted. With regard to this case, I certainly hope that the desires of the petitioner as indicated on page 12 will be met. I feel that his aunt and uncle will provide the children with the best upbringing that is possible for them to give.

I should also like to indicate the possibility of some understanding, some arrangement, existing with respect to this particular divorce, and to suggest that the evidence, was to a degree, manufactured. Perhaps I could refer to one of the investigators whose name is Charles Charron.

I notice that you are looking around the chamber, Mr. Chairman. Is there a quorum of 20 members present so that I shall be able to proceed? I certainly hope that hon. members are not so lax in the discharge of their responsibilities as to allow us to be left with less than 20 present.

An hon. Member: So as to be bullied by three.

Mr. Howard: We are not bullying anyone. We are not bullying a soul. We are indicating that if parliament is to be asked to pass divorce bills it should accept the responsibility of studying them instead of rubber stamping the bills.

Mr. McCleave: How do you fellows know, you never show up at the committee?

Mr. Howard: I cannot because I am not a member of it. Even though the hon. member extended an invitation to me to attend one day I had to decline because I had made a previous arrangement.

On pages 12 and 13 evidence is given by the detective, Mr. Charron, who appears on behalf of the petitioner and who was questioned by counsel for the petitioner. Although the evidence is not usual it has some bearing on what I intend to say later and therefore I shall read it. Mr. Charles Charron was sworn and gave his occupation as investigator. He was questioned by Mr. Joyal, counsel for the petitioner, as follows:

Q. Here is exhibit 2, a photograph. Who is that?

Mr. Charron replied, giving the name of the respondent. I continue:

Q. Was this photograph given to you by the plaintiff in this case?
A. Yes.

I will delete the names of the central figures in this case and the address as I go along. I continue:

Q. Do you remember seeing this Mrs.—on or about the 14th of March?
A. I saw her quite a few times with the same guy that we caught her with at—a duplex upstairs. On a Saturday morning I went there at nine o'clock and Mrs.—came out about one o'clock in the afternoon and she went out. So I lost her. She took a bus and I lost her. So I came back to the house and waited there and about three o'clock she came back with a man and they went up to the house. I went to the telephone booth on the corner and telephoned for Mr. Morin—

Mr. Morin is another detective who appears in this case. I continue:

—to come and meet me, and he met me at four o'clock and we went upstairs and knocked at the door several times before Mrs.—came and opened the door with a pink dressing gown on and bare legs. I asked if she was Mrs.—and she admitted it and I showed her the picture I had in my possession and she admitted it was one taken of her, and we walked into the bedroom and there was a man in bed. So I asked the man his name and when I asked him his name he sat in the bed and you could see that he was nude. His legs were bare. So he said—So she started to scream so we went away.

Is there anything more foolish than to ask us to accept this evidence? Can you imagine two complete strangers at four o'clock in the afternoon being admitted to a home by a woman in a dressing gown who states her name in response to a question, and identifies a photograph of herself, and does not protest when the two strangers walk into the bedroom and begin questioning the nude man in the bed? The detective testified that the woman then began to scream and they left. This occurred at four o'clock in the afternoon and the people had returned home about an hour previous. This is pretty hard to swallow. If this were the only case in which such events occurred the evidence would not be so difficult to accept but the detective is not a novice at this sort of thing.

According to information given in the Senate in answer to a question asked by Senator Pouliot, this detective appeared in 36 cases before the Senate committee in 1959, 41 cases in 1958 and 19 in 1957. He has served his apprenticeship as an investigator in divorce cases. He knows all the answers and what arrangements to make in order to gain entry into homes.

The same individual is also involved in Bills Nos. SD-34 and SD-35 in which his evidence is almost identical except that in the case of Bill No. SD-34, the respondent is a man and the corespondent a woman. He testified that after the completion of the investigation the man started to get angry and so he and his companion left and in one instance he testified that the man started to get angry and pushed him out. I realize it is not in order to discuss other subjects when a bill is before the committee but the frequent appearance of this man in these cases and his behaviour pattern is a point I wish to draw to the attention of the committee.

One wonders from reading his evidence if his questions and answers are not like a gramophone record and if he mentions hostility on the part of the individuals concerned in order to create the impression that no collusion has taken place. I think the gentleman protests a little too much.

The evidence of this man, Mr. Charron, is corroborated by that of another detective, Mr. Morin, who confirms that the woman answering the door wore a pink dressing gown, that they went to the address at four o'clock in the afternoon, that the woman identified the photograph and gave her name, that the nude man in bed identified himself, and so on. It is therefore not a mistake on the part of the first detective when he stated in the evidence that the woman started to scream and so they left.

I submit Mr. Chairman that if she started to scream and if this scream was an indication of objection to those two strangers being there, then it might be quite natural for

that scream to be translated eventually into a charge of illegal entry, unless she allowed them to come into the house herself, which is even more strange, if they pushed their way in. If they did that and walked into the bedroom, they were in effect making an illegal entry, and she started to scream. Would it not be logical to assume that they would sit down and that an attempt would be made to find out who those people were and have charges pressed against them. That is not what happened. It may be logical to assume she invited the investigators in because they were not strangers. She knew what was going to happen; she knew they were going to walk into the house; she knew they were going to ask who the particular person was who was in the bedroom, what his name was, in order that his name might be presented in evidence to guarantee that he was the corespondent and that, in fact, he was not her husband. I submit this is the situation.

It is extremely unfortunate, Mr. Chairman, that people have to go to these lengths to fabricate the situation, to manufacture it, to develop it out of thin air, regardless of whether or not adultery had taken place between the corespondent and the respondent. That is beside the point, but it is unfortunate to have to manufacture, to develop, to fabricate a situation and pay $300 to $400, or whatever the charge is, to those so-called investigators who apparently, from the number of cases in which they are involved, have a pretty decent income, and who do relatively little work except phone somebody up and say, "Will you be in a particular apartment at four o'clock with a pink negligee?" They will probably provide that for the person if she has not one herself. They say, "We will come along". That is about the extent of the operation that is carried out by those investigators. It is unfortunate that people have to go to this extent, pay $300 to $400 and pay I do not know how much to the lawyers. I have had figures running from $1,000 to $1,500. Then pay the cost of the private petition to the other place, plus the cost of transportation of the witnesses and the lawyer to the meeting of the committee in the other place and back again, in order to meet the requirements of a statute. It is extremely unfortunate that this sort of thing exists.

What it means, Mr. Chairman, is that we are developing a situation where the rich can get a divorce but the poor cannot because they cannot dig up $2,500. If the poor cannot find it someone else will have to pay it for them. Because of the general situation that is indicated here, this was a strained marriage in so far as its relationship was concerned. There was evidence given to that extent. The petitioner points out that there is no hope of reconciliation. He would like to bring his children up under different arrangements. A broken home could have extreme psychological effects upon the children which would affect them in their later years.

There is no evidence of relations having taken place between them. They tried everything. They have gone to the welfare people and there was trouble almost from the start. The wife said she would be quite willing to live in the same house but would have no relations with the husband. At meal times there was a complete disregard of the husband in so far as meals are concerned. She hardly talked to him except to ask for money. She would not bother to have anything to do with him. These circumstances are not the ones in which a family should be raised.

If we take all these things into account it would appear—I hope this is so—that the children themselves will remain in the custody of the father. This is what will happen if the hopes and feelings of the petitioner come to full realization. If he is able to get custody and have them under his supervision he says that his aunt can look after them or can do the work a wife would normally do in raising children. If that takes place, then they will probably grow up in a much better home environment than would be the case if this divorce were not allowed to be proceeded with.

I raise this question. The investigators have been mulcting the unfortunate souls of every penny they have. People have to make arrangements in order to secure evidence to meet the requirements of the law. In many cases I am sure they have to perjure themselves in order to ensure that the requirements of the law are met. This is an unfortunate reflection upon our system of considering divorce cases. This arises not only in the particular province where these people live but in other provinces as well where the law is just as strict.

This is probably sufficient comment from me on this point to give to the committee my point of view and understanding of what existed. Perhaps others may have some comments to make on the question of whether adultery took place and whether there were arrangements or not. I submit it is quite clear that this evidence was manufactured; it was fabricated. An investigator had to be hired at a cost of $300 or $400, or something of that nature. These people are placed in the unfortunate position of having to go through these steps in order to obtain just an equitable relief for themselves, when,

from the evidence, nothing but harm would accrue if the divorce were not granted and the people who would suffer the most are the children. They are ten and eight years old. They will have a much better opportunity to grow up in a less strained and more decent environment than they would have if the divorce were not granted.

Mr. Peters: I am quite concerned with this case, too, because this appears to me to be what I would call a run of the divorce mill that is being operated in the Senate. As the hon. member for Skeena has pointed out, we have in this case the ingredients that make for the effective functioning of this divorce mill. We notice another aspect of this case, Mr. Chairman, that indicates—and it has been indicated in the detective's evidence—that this is an operation which is carried out in a cold and calculated manner by the legal authorities also. Hon. members will notice that in this particular case the lawyer was Mr. Joyal, a barrister-at-law, Ottawa, Ontario. From his questioning it is evident that he is a very competent lawyer and a very capable one. In his questions he leaves no alternative but to get the answer he wishes. He asks the question in such a manner that he cannot help but get the answer he wants. He asks questions like this:

Q. You have no intention at the moment of adopting a new domicile?
A. No.

I suggest that this is a planned question. He did not ask: Do you intend to live in the province of Quebec? Are you giving up your home? Have you any intention of moving out of the province of Quebec? No. He asks this question:

You have no intention at the moment of adopting a new domicile?

Putting in the words "at the moment" would indicate that there was some question of the domicile. Mr. Joyal, being very scrupulous and honest as a member of his profession, asks the question in such a way that he gets the answer he wants. Even if the fellow intended to move in four or five hours, at the moment he has no intention of adopting a new domicile. As was indicated to the committee a few days ago, "domicile" does not necessarily mean where your house is but where you decide to set up your domicile, and it does not necessarily change because you move from place to place.

Mr. Joyal goes on to ask the questions in a very precise manner. I think it would be advantageous for the committee to examine the number of cases that Mr. Joyal handles in this divorce mill because I made inquiries and I found that the lawyers have raised their price within recent times. Their fee to handle a case before the Senate committee used to be $1,000 but now they have raised it. The best information I can get is that they have raised it to $1,500.

Mr. McCleave: Will my hon. friend permit a question?

Mr. Peters: Certainly.

Mr. McCleave: Does the $1,500 include disbursements to detectives? Will he break down that amount to give us the lawyers' fee and can it be related to this case?

Mr. Peters: I do not know if that amount includes the detective fees. We will come to the detective fees in a moment and probably now is a good time to do it. The investigator in this case, Mr. Charron, has handled 36 cases this year. It is true that he is not the senior man. Mr. Etheridge has handled 67 cases this year so Mr. Charron is not by any means the senior man. However, he is not the junior in this field because he handled 36 cases.

These investigators operate with the legal profession and if you check the evidence you will find that it takes a few days for them to complete their work on a case. Sometimes, as in the previous case, they are occupied for several months. I am not too sure how much money they are paid but I have been told that it is at least $25 a day plus expenses and other costs. If Mr. Charron had 36 cases and takes an average of 10 days per case he works for 360 days in a year. As a member of a union I object to him working for that number of days. I think he should at least be able to leave this dirty business alone on Sundays. I presume he has not a union contract and therefore can work overtime if he wishes. He probably calls himself an entrepreneur who runs his own business.

Mr. McCleave: Will my hon. friend permit a question? Will he try to unionize these detectives and have them join the labour party that the C.C.F. is forming?

Mr. Peters: I certainly would like to organize them because if they were organized I think we could demand that they meet certain conditions. If they were organized they would not be able to break down people's doors or steal nameplates off doors. I think we would limit them to certain hours. They would have to work shifts.

Mr. Bell (Saint John-Albert): How about moonlighting?

Mr. Peters: I think I agree with the sponsor of the bill that this would be a very good thing and we would like to do it. It appears to me that Mr. Charron only has five days

off in a year and in my opinion he is entitled as a human being to more time off. If we get these people organized—

The Deputy Chairman: Order. I do not think the committee is concerned about the organization of these people. We are concerned with Bill No. SD-33.

Mr. Howard: If I may make a comment about the point of order, I respectfully submit that my friend is out of order because in labour matters there is divided jurisdiction. It is obvious that this is a matter that comes under the provincial labour code and not the federal labour code.

Mr. Peters: I appreciate the advice that is being given about the organization of these people. As I was pointing out, Mr. Charron earns considerable money. If he gets $25 a day and works 360 days because he has 36 cases he earns at least over $9,000—

The Deputy Chairman: Order. I must advise the hon. member that the committee is not concerned with the earnings of certain investigators. We are concerned with Bill No. SD-33. I will have to ask the hon. member to come back to the bill.

Mr. Peters: Mr. Chairman, I humbly submit that some of these investigators, this one in particular, are organized in some ways. Let us look at his evidence and see how stereotyped it is. He is asked this question by Mr. Joyal:

> Q. Here is exhibit 2, a photograph. Who is that?
> A. Mr. White. That is the photo I had at the time of the investigation.

I should like to refer to the evidence of Mr. Charron in the next case which we will be coming to shortly. He was asked this question by Mr. Joyal:

> Q. This is exhibit 2, filed by the petitioner. Can you identify that photograph?
> A. That is Mr. Edwin Leacy Freeman. That photograph I had at the time of the investigation.

Here we have the same lawyer, the same investigator, the same question and the same answer. I am surprised that they do not get mixed up. The words used are identical with those in the case now before us. I submit this is not very good evidence. It would appear to me that it is rather unusual for a young lady to be entertaining a gentleman in her house at four o'clock in the afternoon and for her to be wandering around in a pink negligee or nightgown. I am surprised about the ease of accessibility to these places. A rap comes on the door.

The Deputy Chairman: Shall clause 1 carry?

Mr. Peters: I have a few more remarks, Mr. Chairman.

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

SUPPLY

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

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

668. Polar continental shelf project—further amount required, $376,622.

Mr. Hellyer: Can the minister tell us whether the Canadian government still subscribes to the sector theory of sovereignty?

Mr. Fleming (Eglinton): We subscribe to the Canadian theory of sovereignty.

Mr. Hellyer: This was a Canadian theory. I just wondered whether the government still holds to it.

Item agreed to.

Dominion coal board—

669. Payments in connection with the movements of coal under conditions prescribed by the governor in council—further amount required, $1,069,866.

Mr. Pickersgill: Can the Minister of Finance tell us just what industries in the Atlantic provinces are receiving subventions? The last time the estimates were before us we were told that subventions were being paid on coal not merely for power but also for industrial purposes. It may be that the Minister of Finance would not have this information but I see that the Minister of Mines and Technical Surveys is in his place. I know he would have it at his fingertips.

Mr. Fleming (Eglinton): The subvention, of course, is available to any company that qualifies by shipments and sales in the areas of Canada in respect of which the subventions are payable. The Dominion Coal Company is by far the biggest of the companies that are in receipt of this subvention.

Mr. Pickersgill: I know something about the subject, of course. I know that for many years subventions have been paid high enough to make coal from Nova Scotia competitive with coal from the United States in the Montreal market and that some extension has been made of that subvention to make it competitive a little bit further upstream than Montreal. In addition to that, I know

the amount of the subvention had to be increased because of various increases in costs, mainly of transport although I believe some labour and other costs as well entered into the matter. I know the rate of subvention is very much higher to central Canada. At the moment I am not interested in that matter. However, I understood that a new departure had been made by the present government. We were told that on several occasions. I am familiar, of course, with the subvention paid on coal for the production of power but I was not particularly asking about that matter. What I should like to know is how much is being paid in subventions and what is the rate for industries other than power industries in the Atlantic provinces.

Mr. Fleming (Eglinton): My understanding is that these subventions are, in all cases, payable on shipments out of the maritime area into Quebec and Ontario. As the hon. gentleman is aware, we increased the scale of the subvention, in so far as maritime coal is concerned—

Mr. Pickersgill: Oh, yes.

Mr. Fleming (Eglinton): —two years ago and again one year ago in order to make it possible for maritime coal to have access to the markets in eastern Ontario.

Mr. Pickersgill: Perhaps I could spare the minister some effort here. I am not particularly interested at the moment in that matter. What I am interested in is this. I think the Minister of National Revenue told us—as I believe did the Minister of Mines and Technical Surveys on one occasion—that subventions were also being paid on coal used within the Atlantic provinces for industrial purposes, and that this was a new policy instituted by the present government. If I am wrong about that matter I should like to be corrected. If the minister will say no subventions are paid for coal used for industrial purposes in the Atlantic provinces, that disposes of the matter.

Mr. Fleming (Eglinton): I can say there is nothing in this additional appropriation for that purpose. There are three elements in the additional appropriation that is now asked. There is first an increased subvention payment on water-borne and transshipped coal, as a result of an increase in the pithead cost. The second element is increased export shipments to Japan from our western seaboard. The third consists of payments to the Dominion Coal Company to assist in maintaining a larger than usual stockpile. Against these three elements there were some amounts previously provided that were not required. They had been provided for the shipment of Alberta and Saskatchewan coal. There has been a declining movement from that area and what was not expended for that purpose has been offset against the three elements of increase.

Mr. Pickersgill: Can the minister say what the main appropriation is?

Mr. Fleming (Eglinton): The main appropriation was $10,089,350. Already supplementary estimates have been voted of $4,332,900. With the present proposed vote of $1,069,866 this will bring the total amount required for the present fiscal year to $15,492,116.

Mr. Pickersgill: Can the minister say how much of that amount is for the development of thermal power in the Atlantic provinces?

Mr. Fleming (Eglinton): Of that total?

Mr. Pickersgill: Yes.

Mr. Fleming (Eglinton): I do not believe any of it is but there I speak subject to correction. But I can say that of this additional sum none of the three items of increase relates to the use of power from thermal sources in the maritime area.

Mr. Pickersgill: The minister does not know whether any amount out of the total appropriation, including this amount, is being used for subventions for coal for industries in the maritime provinces?

Mr. Fleming (Eglinton): No. I think that matter comes under a different vote but I speak subject to correction.

Mr. Pickersgill: I wonder whether the Minister of Mines and Technical Surveys can throw any light on the point?

Mr. Comtois: No; there is none on this item. There is another vote.

Mr. Pickersgill: There is another vote?

Mr. Comtois: Yes, for thermal power.

Mr. Pickersgill: I thank the minister.

Mr. McIlraith: I should like to ask the minister whether he would outline the method of payment and the amount of the subvention being paid on western coal being exported to Japan. It was the second element to which he referred in his remarks a few moments ago.

Mr. Fleming (Eglinton): This is a shipment that has been increasing and the government saw fit, two years ago, to increase the subvention for this purpose and one year ago to increase it again. The result has been a quite gratifying increase in the volume of coal being shipped to Japan.

When I was in Tokyo a year ago last autumn I had talks with some of the Japanese

ministers and they showed a good deal of interest in increasing their purchases of coal and other raw materials from Canada, particularly through the port of Vancouver. The facilities in the port of Vancouver have been improved for this purpose. This, too, has contributed to and facilitated the substantial increase in the shipments of coal to Japan. The additional amount required for this purpose is $556,402; the rate is $4.50 per ton.

Mr. McIlraith: To whom is that rate payable? I understand there is different treatment with eastern coal; am I right in that?

Mr. Fleming (Eglinton): The rate is available in respect of coal which moves to Japan. This is related and confined to the shipments to Japan.

Mr. McIlraith: This item, dealing only with coal being shipped to Japan, has the effect of reducing the price of that coal by $4.50 a ton; otherwise I presume they would not buy.

Mr. Fleming (Eglinton): Yes; it is to make it competitive in Japan. That was the reason not only for the original institution of subsidies but for the increases which have been made in them; first, to make it competitive, and in the second place to enlarge, it was hoped, the sales, and the result has been successful.

Mr. McIlraith: Just two further points. Would the minister give me the total amount out of this item, the earlier supplementary and the main item dealing with coal being shipped to Japan? I have another question which I think I can pose at the same time, and it is this. I recognize the great difficulties of coal mines in the west and I am not unmindful of them, but we are on the one hand subsidizing an export to Japan to enable them to compete with us, and at the same time we are working with them in having them apply quotas on their exports to this country. Is that correct?

Mr. Fleming (Eglinton): On the first point, the main estimates and supplementary estimates provided subsidies of $675,000 on these shipments of coal to Japan. It was expected that there would be 150,000 tons exported at $4.50 per ton, and that made a figure of $675,000. A revision of the calculation has now advanced the estimated export to 280,000 tons and that accounts for the additional amount now sought.

The hon. member asked about quotas. The fact is that this has been operated as a particular type of export. The government sought to encourage this in the hope that if the market were won in Japan for coking coal from British Columbia, in course of time the market could be expanded there. It is not expected that the subsidy may always have to be paid, but it was thought to be a good investment in the meantime in the hope of opening up a new market. In addition, the hon. member will appreciate that one of the compelling reasons was to assist the Canadian coal mines in the west coastal areas.

Mr. McIlraith: I quite appreciate the compelling reason for adopting this subsidy, I am not quarrelling with that at the moment. But I think it is well to point out that the rather substantial subsidizing of this coal does create other problems in the trade field, problems with which the minister is quite familiar. It means that we are directly subsidizing Japanese exports to Canada. There is some concern in parts of the country about the extent of those exports in some fields. I merely want to point out the problem. I am not being critical of the minister, but I think this problem should be understood.

Mr. Pickersgill: Could the minister tell us where the coal is coming from which is going to Japan?

Mr. Fleming (Eglinton): British Columbia.

Mr. Pickersgill: Exclusively?

Mr. Fleming (Eglinton): Yes. Crowsnest pass.

Mr. Robichaud: Mr. Chairman, this item has to do with payments in connection with the movements of coal under conditions prescribed by the governor in council. Could the minister tell us approximately how many tons of coal comes under this program? I understand a total amount of $15 million has been voted so far, including the amount we are asked to vote today. How many tons of coal have been moved?

Mr. Fleming (Eglinton): According to the revised up to date estimate for the current fiscal year, the total from Nova Scotia, in round figures, will be 3,075,000 tons; from New Brunswick, 151,000 tons; from Saskatchewan 108,000 tons; from Alberta, 129,000 tons; from British Columbia, 280,000 tons.

Mr. Robichaud: Could the minister tell us how many tons have been moved to power plants in the maritime provinces? I also understand that part of this item is to cover transportation of coal to power plants. How many tons does that involve?

Mr. Fleming (Eglinton): None of this item under discussion applies to movement to power plants in the maritimes.

Mr. Robichaud: Is it under a separate item?

Mr. Fleming (Eglinton): None of it is under this item.

Mr. Pickersgill: Or the main item?

Mr. Fleming (Eglinton): That is right.

Item agreed to.

DEPARTMENT OF NATIONAL DEFENCE

Defence Services Pension Act—

671. To authorize payment of an amount of $1,431.02 (to be charged to the permanent services pension account) to former Flying Officer T. R. Dunbar (33732) in an amount equal to the difference between the gratuity which was paid to him under section 51 of the Defence Services Pension Act and the amount he would have received had he been paid a gratuity equal to his contributions under section 52 of the said act, $1.

Mr. Pickersgill: Mr. Chairman, this is a dollar item and I do not think any dollar item should be allowed to pass without an explanation.

Mr. Fleming (Eglinton): I quite agree, Mr. Chairman. This item has to do with a situation involving the flying officer named in the item who was in the air force to begin with on a short service commission. On retirement, he was paid a gratuity for that period of service plus a refund of deferred pay withheld during a particular period. Then he re-entered the Royal Canadian Air Force on a long service commission in April, 1957. He was retired on July 2, 1959 as medically unfit and had no option under the existing regulations except to accept a gratuity.

However, under the revisions in the act which received royal assent last July he would have enjoyed the option had the act applied to him of accepting either a gratuity covering the whole period of service or the repayment of his pension contributions without interest, whichever would be the greater.

In brief, because he just missed out on the effect of the legislation it was the view of the government that it would be only fair to put him in the same position he would have been in if the act had applied to him.

Mr. Pickersgill: Is the case unique?

Mr. Fleming (Eglinton): I understand so. It came before treasury board and treasury board considered it on the basis of a possible ex gratia payment. It was felt the more proper course, having regard to control of parliament, was to bring it before the house in this way.

Item agreed to.

[Mr. Fleming (Eglinton).]

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Water resources branch—

672. Saint John river—federal expenditures in connection with investigations to be carried out by the Saint John river board—further amount required, $25,000.

Mr. Robichaud: I understand that this item has to do with the federal contribution to the investigation which is being carried out by the Saint John river board. Could the minister give us some details about this investigation and the work which has been done so far? Could he tell us what has been the federal government's share of the cost, and whether the province of New Brunswick has contributed to the cost of this investigation?

Mr. Fleming (Eglinton): In March, 1959, pursuant to an agreement between the government of Canada and the provincial government in New Brunswick, a four-man board was established to plan, supervise and carry out an investigation to determine how present and future power developments in New Brunswick would be affected by the development and operation of storage on the upper Saint John river and its tributaries. An equal proportion of the cost was to be paid by the two governments. The board was directed to report its findings to the two governments not later than June 30 next.

I am informed that satisfactory progress is being made with the studies essential to the completion of the task, and present indications are that work will be completed and a report made by that date. As to the cost, it was estimated originally at $150,000. That proved to be an underestimate, and the estimate has now been revised upwards to $235,000. Canada's share is 50 per cent.

Mr. Robichaud: Could the minister tell us the names of the members of the board?

Mr. Fleming (Eglinton): There are two officials from the Department of Northern Affairs and National Resources, and two members appointed by the government of New Brunswick.

Mr. Robichaud: In other words, the salaries of these men are already covered by the estimates of the department of northern affairs, and this total amount is for other expenditures.

Mr. Fleming (Eglinton): That is my understanding.

Item agreed to.

Northern administration and lands branch—
Northwest Territories and other field services—

673. Operation and maintenance—to extend the purposes of vote 278 of the main estimates for 1959-60 to include the contribution detailed in these estimates, $1.

Mr. Pickersgill: This is another dollar item.

Mr. Fleming (Eglinton): This item of $1 is intended to amend the scope of vote No. 278 in the main estimates and the reason for the extension that is requested is to provide authorization to increase payment of a contribution to Taurcanis Mines Limited of 50 per cent of the cost of improving the airstrip and constructing an access road to the mine.

Mr. Pickersgill: I wonder if the minister could say something about this policy of the government paying 50 per cent of the cost of this airstrip? Is this applied uniformly across Canada, or is it done only in the Northwest Territories?

Mr. Fleming (Eglinton): I am informed that it has not been applied in any other place but the territories. Under this policy, the Department of Transport contributes toward the cost of publicly used airports in certain circumstances. There is no provision in the policy by which federal contributions can be made towards private airstrips required by mining companies for the establishment and servicing of mining properties.

Mr. Pickersgill: Does this airstrip belong to the federal government?

Mr. Fleming (Eglinton): The land in question is crown land. The mining company concerned is working claims on crown land.

Mr. Pickersgill: I must say that from the point of view of the treasury this does seem to me to merit a little more explanation than the minister has given. If this mine were in northern Alberta, or Labrador, or somewhere else, then apparently the mining company would have to provide the airstrip itself. However, because it is in the Northwest Territories we are apparently paying half the cost. There must be some principle behind this, and that is what I am seeking to find.

Mr. Fleming (Eglinton): The principle is that where the public is permitted to make use of these airstrips it was felt proper that the federal government should contribute toward the cost. That is the basis of this present contribution, and the reason for the enlargement in the authorization attached to the vote of item 278 in the main estimates.

Mr. Pickersgill: I do not want to be difficult about this. We know there is not a very big public in the Northwest Territories. Most of these settlements are not very large. It would be interesting to know, outside of this mining company and its employees and a few federal government officials who have to go there because the mine is there, just how much public use is made of this airstrip. I am not saying whether I object to the policy or not. I do not understand the policy, that is all, and I think that before we vote the money we should understand it.

Mr. Fleming (Eglinton): It has been found cheaper to encourage the use of these landing strips than it would be to construct roads. This, coupled with encouragement to open up the use of airstrips to the public, is the reason it was considered a sound policy to make this government contribution of 50 per cent toward the cost of providing an airstrip and an access road to the airstrip.

Mr. Pickersgill: The minister will understand, I am sure, that I would feel that a policy of this sort, if it is a good policy, would be equally good in Labrador which happens to be within the bounds of a province. I do not think the minister has given us any reason why this sort of thing should be applied specially to the Northwest Territories.

Mr. Fleming (Eglinton): Thus far it has been applied only in the territories. After all, the federal government has responsibility for the development of resources in the territories, and as the program is developed it has been confined to the territories for that reason.

Mr. Pickersgill: I agree that the federal government has a responsibility for providing in the territories many of the services which the provincial governments provide in the provinces, but I do not know any provincial government which gives 50 per cent of the cost of building an airstrip for the building of a mine. There may be some who do. But it does seem to me that when we are dealing with a mining company we are not dealing with the territories or with a province; we are dealing with a mining company, and because it happens that a mine is in the territories I do not see why it should appear to be placed at an advantage which would not apply to another mining company elsewhere. The minister has given no convincing evidence that there is any real public use of this airstrip apart from that incidental to the working of the mine. I do not know where this place is; I do not pretend to know. It is only the principle in which I am interested.

Mr. Fleming (Eglinton): Perhaps the hon. gentleman is forgetting that the agreement in question with the Taurcanis Mines Limited

was authorized on May 3, 1957; the order in council at that time provided for a federal contribution of 50 per cent toward the cost of improvement of an airstrip and construction of an access road to serve the mine up to a maximum federal contribution of $16,000. That has been done. The cost has increased, and that is the reason we are asking for a supplementary estimate.

Mr. Pickersgill: I think the minister really has me this time. It is just conceivable that if he did a little more research he might find out that I was at the treasury board that day. I do not think it likely that I was as late as May of 1957. I assume that the present government in asking for this additional amount has satisfied itself that the policy adopted by its predecessor was a thoroughly beneficent policy.

Item agreed to.

Forestry branch—

674. Contributions to the provinces for assistance in forest inventory, reforestation and forest fire protection in accordance with agreements entered into by Canada and the provinces—further amount required, $100,000.

Mr. Herridge: Mr. Chairman, I have two questions. First, why do we have this item relating to forest fire inventories, forest protection services and reforestation just previous to the commencement of April in view of the time of year when these activities are normally carried on?

Does the department have a ground check of the work done in connection with each of these activities or do its officials content themselves with an audit of the books or accounts in question?

Mr. Fleming (Eglinton): Mr. Chairman, on the first point I can assure the hon. gentleman there is no seasonal significance to this matter. It is a question of estimating. In other words, the estimate that came before us in the main estimates was one prepared in the autumn of 1958. With the development of the programs of the various provinces that are parties to the two respective plans the amount proved inadequate and this is not the kind of program that can be suddenly arrested.

On the second point I am told that there are spot checks made. It is not possible to make a complete universal check but spot checks are made under the two programs.

(Translation):

Mr. Boulanger: Mr. Chairman, may I ask the minister what part of that amount is paid to the province of Quebec.

Mr. Fleming (Eglinton): Mr. Chairman, no amount is provided for the province of Quebec.

[Mr. Fleming (Eglinton).]

Mr. Boulanger: Is it because the province of Quebec has not entered into agreement with the federal government that it is not getting any help under this item?

Mr. Fleming (Eglinton): Mr. Chairman, the province of Quebec has entered into no agreement in this field.

Mr. Boulanger: Now that the province of Quebec has a new premier, has there been any correspondence exchanged with a view to sharing in this scheme?

Mr. Fleming (Eglinton): Mr. Chairman, I am informed that there has been no correspondence to this effect, but that there have been some discussions.

Mr. Pickersgill: Could the minister tell me how much the province of Newfoundland has received under this item?

Mr. Fleming (Eglinton): Mr. Chairman, the amount paid to the province of Newfoundland is $88,654.

(Text):

Mr. Pickersgill: Could the minister say whether any part of that is for forest inventory?

Mr. Fleming (Eglinton): That is for forest fire protection.

Mr. Pickersgill: Could the minister say whether any recent efforts have been made to conclude an agreement with the province of Newfoundland with respect to forest inventory? I know something of the difficulties in that field but would like an answer to my question.

Mr. Fleming (Eglinton): I am told there have been no discussions, Mr. Chairman.

(Translation):

Mr. Boulanger: Mr. Chairman, could the minister tell me what amounts have been spent since this policy was adopted by the Liberals?

Mr. Fleming (Eglinton): Mr. Chairman, over $7 million were spent over the past eight years.

(Text):

Mr. Hellyer: Mr. Chairman, can the minister tell us if any part of this appropriation is allocated for the fighting of tree diseases such as the Dutch elm disease or the new blight that is affecting the maple tree?

Mr. Fleming (Eglinton): No, Mr. Chairman, that is not under this vote.

POST OFFICE

675. Transportation—movement of mail by land, air and water, including administration—further amount required, $2,344,000.

Mr. Robichaud: Mr. Chairman, this is a substantial amount. Can the minister tell the

committee why the vote with respect to transportation fell so short for the present fiscal year?

Mr. Fleming (Eglinton): Mr. Chairman, this is a matter of the increased volume of mail and the extension of the services. With the development of the country, it is a growth factor we are facing here.

Mr. Pickersgill: Are there any increases in rates involved?

Mr. Fleming (Eglinton): There are increases in the contract rates, but apart from that the increases are all in volume and services.

Mr. Pickersgill: Could the minister say whether he knows if any recent consideration has been given to the possibility of having an all-up airmail service across Cabot strait? As the minister knows there have recently been a lot of snow storms and there have been periods when the Newfoundland express has not moved very far within a week. In this modern age there would be, apparently, much to be said for having an all-up service from Sydney. Could the minister say whether any recent consideration has been given to that?

Mr. Fleming (Eglinton): Mr. Chairman, there is nothing in the present item for that purpose but I will be pleased to bring the point raised by the hon. member to the attention of my colleague, the Postmaster General.

Mr. Regier: Mr. Chairman, would the minister be good enough to place on the record how much the main estimates contain and also the supplementary estimates in order that we may appreciate the relationship?

Mr. Fleming (Eglinton): Mr. Chairman, I think that is the only item of the kind. At this moment I do not have the vote in the main item but I am sending for it and will get it.

Item agreed to.

PRIVY COUNCIL

Special—

676. Expenses of the royal commission on the Great Slave Lake Railway including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board, to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission—further amount required, $7,500.

Mr. Pickersgill: Mr. Chairman, I think we ought to hear a progress report on the railway which the government was going to build in 1957 and which is now just a royal commission.

Mr. Fleming (Eglinton): Mr. Chairman, the present item relates entirely to the expenses of the royal commission. The committee is well acquainted with the terms of reference to that commission. It was expected that the commission would complete its work by this time and I am told that the work of the commission is almost complete.

Item agreed to.

677. Expenses pertaining to the visit to Canada in 1959 of Her Majesty the Queen and His Royal Highness the Prince Philip, Duke of Edinburgh, including authority, notwithstanding the Civil Service Act or any other act but subject to the approval of treasury board, to appoint and to pay persons to be engaged temporarily in connection therewith—further amount required, $43,000.

(Translation):

Mr. Boulanger: Mr. Chairman, is this amount of $43,000 additional to what has already been spent for the Queen's visit?

Mr. Fleming (Eglinton): The original amount, Mr. Chairman, was $300,000.

(Text):

Item agreed to.

NATIONAL CAPITAL COMMISSION

678. Interest charges on outstanding loans that were made for the purpose of acquiring property in the national capital region—further amount required, $110,000.

Mr. Pickersgill: Mr. Chairman, I wonder if the minister could say whether the government has yet reached a conclusion as to who is to take the place of Major General Kennedy? I am sure all of us are very sorry to learn that a gentleman who has done so much for the development of the national capital is no longer to be there and there is, of course, the greatest concern in the capital that the ablest possible person should be chosen to get on with this work.

Mr. Herridge: I want to join with the hon. member for Bonavista-Twillingate, with whom I rarely find myself in agreement, in the complimentary remarks just made with respect to Major General Kennedy whom all of us realize has rendered great service to the Canadian people in his work in connection with the national capital commission.

Mr. Fleming (Eglinton): Mr. Chairman, I, too, am pleased to join with the two hon. members in paying tribute to the work which has been accomplished by Major General Howard Kennedy. The matter will be referred to on some other occasion, but on this occasion I am happy to join with them in this tribute.

We are all aware of the formidable nature of the work that has been performed by General Kennedy. For some years now he has headed the national capital commission.

It has been a project and responsibility very dear to his heart. He has given yeoman service to a cause that I think has left all Canadians conscious of their indebtedness to him. I am not in a position to make any comment on the filling of the vacancy.

Mr. Pickersgill: Perhaps the Minister of Public Works could throw some light on it.

Item agreed to.

PUBLIC PRINTING AND STATIONERY

679. Printing of *Canada Gazette*—further amount required, $21,000.

Mr. Robichaud: Can the minister tell us why there is an extra cost for the printing of the *Canada Gazette*? Can he inform the committee whether all the work is being done by the printing bureau or is it given out to outside printers on tenders?

Mr. Fleming (Eglinton): The occasion for this supplementary estimate is simply that the costs of printing the *Gazette* have exceeded the estimate. The original amount in the main estimates was $110,000. The amount of expenditure has fluctuated quite a bit year by year. For instance, in the year 1957-58—I will just give round figures—the expenditure was $110,000; in 1958-59, it jumped to $156,000; in 1959-60, $110,000 was provided, and it is found now that an additional $21,000 is required. But, even with this addition, raising the item to $131,000, it will be seen that the expenditure is still $25,000 below that of the previous year. There are wide fluctuations. There is, of course, revenue derived from this publication in the form of advertisements and sales. As to the placing of printing, my understanding is that it is printed in the printing bureau.

Mr. Herridge: Is the reason for this increase attributable at all to the fact that the extra cost is incurred by the publication of notices of increasing bankruptcies?

Mr. Pickersgill: Before the item carries, can the minister give us some notion of what the revenue is?

Mr. Fleming (Eglinton): The revenue this year is estimated at $110,000. Last year it was $109,000 and the year before $93,000.

Mr. Pickersgill: Has the minister given any thought to raising the fees?

Mr. Fleming (Eglinton): The minister does not like to raise fees. If the hon. gentleman urges me, in deference to him, I will be bound to look into it.

Mr. Pickersgill: As a matter of fact, I took considerable pride in the fact that when I was secretary of state I increased quite a number of those fees and put these things on a paying basis instead of leaving them as a charge on the general taxpayer. I would always commend that policy to the government.

Mr. Robichaud: In view of the explanation given by the minister, and in view of the fact that in 1957-58 the total cost was $110,000 and in 1958-59 it was $156,000, how did they arrive at the estimate of $110,000 for 1959-60?

Mr. Fleming (Eglinton): It was thought that the need this year would not be as great. There was an underestimation this year and we either have to have this $21,000 or there will be a carryover. I think the hon. gentleman will appreciate the fact that the size of this publication varies literally from week to week. It depends on what notices come in for gazetting, and it is extremely difficult to estimate this precisely in advance. I can only point to the experience of those recent years as illustrating the wide fluctuations in expenditure year by year.

Mr. Pickersgill: Can the minister say whether the number of statutory orders is increasing?

Mr. Fleming (Eglinton): I would have to look into that matter before attempting to answer the question.

Mr. Pickersgill: The minister will readily appreciate the reason I asked the question. When we were in office we were accused of government by order in council, and I have taken a certain amount of interest in this question over the years. I have the impression that there are just as many orders now, if not more, than there were when we were in office.

Mr. Fleming (Eglinton): No; I think we are operating on a much more limited scale. Orders in council are made where necessary, Mr. Chairman.

Mr. Pickersgill: Of course they were just made for fun when we were in office.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Public buildings construction and services—
Acquisition, construction and improvements of public buildings—
Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amount required—

681. Ontario (other than Ottawa), $1.

Mr. Pickersgill: This is another dollar item.

Mr. Fleming (Eglinton): Item 681 appears as a dollar item; it is an authorization in respect of a public building at Spencerville. It is put in here as a dollar item because it is a new building project, and it is a matter of submitting it to parliament. No additional amount is required. Actually, the expenditure is being provided for out of the existing vote, but it is a matter of putting before the committee the fact that a new public building project which was not included in the estimate when the original estimate was passed has now been undertaken.

Mr. Pickersgill: I get a lot of discouraging letters from the Minister of Public Works, who I hope is paying attention to what I am saying now—I got a lot more from his predecessor, I admit—about the difficulty of including new works in the supplementary estimates. I just wonder whether the minister can tell us how this new work managed to get into the supplementary estimates and what special urgency there was in this particular case?

Mr. Fleming (Eglinton): It is a post office at Spencerville and there is authority, as the hon. gentleman knows, for incurring expenditure up to the statutory limit of $25,000. The post office was considered to be very necessary. There has been pressure for improved and enlarged accommodation since May, 1955. After some months of negotiations and advertising for rented space it was found that suitable quarters could not be obtained at a reasonable rental, and accordingly the treasury board advisory committee on accommodation standards recommended the construction of an 800 square foot standard plan post office building, and the tenders were called for and the work authorized.

Mr. Pickersgill: I can tell the minister about another place named Hare Bay in Bonavista bay where I have been trying to get a post office building since May of 1955. I appeal to the minister to show the same consideration for Hare Bay that the treasury board has shown for Spencerville.

Mr. Regier: Will the minister explain why this item has to be listed at this time?

Mr. Fleming (Eglinton): I have referred to the statutory limit of $25,000. It had been expected that the cost of this structure could be met within the statutory amount. When the tenders were called and as the work proceeded it was found that the work was going to exceed in cost the $25,000; therefore, we brought it to the house for approval.

Mr. Regier: Am I right in assuming that this post office is some 800 square feet in size?

Mr. Fleming (Eglinton): Yes, Mr. Chairman.

Mr. Regier: Is it normal for a post office to cost over $30 per square foot?

Mr. Fleming (Eglinton): It depends, of course, on the nature of the construction, Mr. Chairman. I am told that this particular building is one that was found to be necessary. It is not altogether unusual to find at times that the cost exceeds the estimate originally prepared in the department. We are happy, of course, when we find that the contract price can be lower than the departmental estimate, but it is not always so.

Mr. Regier: I assume the minister's parliamentary secretary has the details there. Can the minister say how much of this money was spent for the purchase of the land?

Mr. Fleming (Eglinton): Yes, Mr. Chairman, $6,000.

Mr. Regier: Approximately what is the population of this place?

Mr. Fleming (Eglinton): I am told that it is approximately 400 souls.

Mr. Pickersgill: The population of Hare Bay is larger.

Mr. Regier: Does the minister regard the expenditure of $6,000 for a lot as being reasonable in a place with a population of 400 souls?

Mr. Fleming (Eglinton): Mr. Chairman, as choice locations go in Spencerville, this was regarded as a choice location. It is at the intersection of South and Centre streets.

Item agreed to.

Harbours and rivers engineering services—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

682. Nova Scotia, $1.

Mr. Pickersgill: This is another dollar item.

Mr. Fleming (Eglinton): Mr. Chairman, this is another project at Pictou involving an expenditure toward harbour improvements of $125,000. No additional money is required. It is a matter of including this in the scope of the vote.

Mr. Robichaud: Is this to replace the wharf and warehouse that burned down last fall?

Mr. Fleming (Eglinton): Yes, Mr. Chairman.

Item agreed to.

683. Quebec, $1.

Mr. Pickersgill: This is another dollar item.

Mr. Fleming (Eglinton): The added enterprise here is wharf reconstruction and enlargement at Riviere au Tonnerre and the cost is $82,442. The money is available. Again it is a matter of enlarging the scope of the original authorization.

Mr. Pickersgill: This item reads, "to complete payments". Was this project not in the original estimates?

Mr. Fleming (Eglinton): There is an extra payment for the construction and enlargement of the wharf under a contract amounting to some $421,000. The contract was terminated on March 28, 1958, with a final payment of $362,000 in round figures. The contractor submitted a claim for losses incurred in the performance of the work involved, specifically in connection with maintaining facilities for continued traffic during the carrying on of the work. Additional expenses were incurred in the construction of temporary trestles and this delayed the entire project. Since the traffic problem was not mentioned in the specifications, as perhaps it should have been, treasury board took the view that the contractor was entitled to compensation and the extra payment should be sufficient to cover the cost of construction of trestles and the increases in equipment, labour and overhead expenses due to the prolongation of the contract. It is under that circumstance that this payment arises.

Item agreed to.

ROYAL CANADIAN MOUNTED POLICE

684. Land, air and training divisions—construction or acquisition of buildings, works, land and equipment—further amount required, $164,000.

(Translation):

Mr. Roberge: Mr. Chairman, I should like the Minister of Finance to explain this $164,000 increase of the item for the construction or acquisition of property and equipment.

(Text):

Mr. Fleming (Eglinton): The amount involved here, $164,000, represents an advance from the consolidated revenue fund to be charged to the fire losses replacement account for the purchase of an Otter aircraft and accessories to replace a Beaver aircraft and equipment destroyed in a fire on November 4, 1959, at municipal hangar No. 1 at Regina.

Mr. Van Horne: Mr. Chairman, I am wondering what is meant by "training division" with regard to the R.C.M.P. Does that mean an increase in the actual cost of training members of the mounted police?

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): No, this has nothing to do with training policemen. It has to do entirely with the replacement of an aircraft that was destroyed in a fire.

Mr. Van Horne: Why does it mention the training division?

Mr. Fleming (Eglinton): Because that is the broad heading under which this matter is listed in the estimates. Reference to the main estimates will, I think, make that quite clear to the hon. member.

Item agreed to.

685. Reimbursement of the Royal Canadian Mounted Police revolving fund for the value of cloth which has become obsolete, unserviceable, lost or destroyed, $878.

Mr. Herridge: This item is one for reimbursement of the Royal Canadian Mounted Police revolving fund for the value of cloth which has become obsolete, unserviceable, lost or destroyed. Can the minister explain how cloth under the control of the Royal Canadian Mounted Police can become lost?

Mr. Fleming (Eglinton): It is the law that items of this kind cannot be written off against this particular revolving fund account without authorization, and that is the purpose of this item. This is cloth that was acquired a long time ago. It consists of 258½ yards of serge. It was purchased originally for sea dress for the marine division personnel. It was brown when it was purchased from the Department of National Defence. The hon. member will understand that this happened a long time ago. Then it was dyed blue and then is was found—

Mr. Hellyer: Was that after the government changed?

Mr. Robichaud: Was it never dyed red?

Mr. Fleming (Eglinton): It was dyed blue for conversion to the battledress type of uniform worn by the special constables who are crew members on board R.C.M.P. marine ships. That type of uniform is now obsolete since special constables are issued a restricted kit similar to that worn by regular members of the marine division. Consequently this cloth is now obsolete and surplus to requirements, but we have to have authorization in this form in order that it may be written off against the revolving fund.

Mr. Pickersgill: What happened to the cloth?

Mr. Herridge: Can the minister explain how it was lost when it was under the control of the R.C.M.P.?

Mr. Fleming (Eglinton): The uniform that it was dyed and adapted for was discontin-

ued and the cloth was then no longer suitable for any of the purposes of the Royal Canadian Mounted Police.

Mr. Pickersgill: What has happened to the cloth?

Mr. Fleming (Eglinton): The cloth has no value now, I am told.

Mr. Pickersgill: Should it not be declared surplus and dealt with by crown assets? Is the government not taking a lot of responsibility on itself?

Mr. Fleming (Eglinton): I can assure the hon member there will be no wastage if there is anything to be salvaged but it happens to be a requirement that authorization be obtained in order to square parting with this cloth with the requirements pertaining to the revolving fund inventory.

Mr. Herridge: Would there have to be an adjustment of the revolving fund if the lost cloth were found?

Mr. Fleming (Eglinton): It is not the cloth that is lost.

Item agreed to.

DEPARTMENT OF SECRETARY OF STATE

Patent and copyright office—

686. Patent division—further amount required, $248,500.

Mr. Richard (Ottawa East): Mr. Chairman, for a number of years I have been concerned about the cost of printing patents in the patent office record. The patent office is a would-be revenue producing office. It is a very efficient and necessary office and has a large revenue in filing fees, final fees, assignment fees and other types of fees under the Patent Act. If I am correct in my figures, in 1958-59 we find $520,000 in the blue book. I think I am right in that matter. This year the general estimates were for $608,000 and the supplementary estimates were for $175,000, making a total for the printing of patents of $783,000 or an increase of 50 per cent. In the case of the Patent Office Record, last year the total sum was $165,000 in the blue book; this year the main estimate is $256,000 plus $165,000 in the supplementary estimate, making a total of $271,500, or an increase of over 67 per cent. I have said this previously and I repeat it.

I am under the impression that it is time to make an investigation into the cost of the printing of these patents in the printing bureau. I think the cost is too high. There is no reason why for a continuous operation of this kind it should be so high. The average cost of the printing of a patent I think runs over $5. You cannot expect any more revenue from those buying the patents. The price has been raised to a dollar this year. That is the limit. There will not be any sizeable revenue from that source. On the other hand, the patent office is put in a bad light at a time when the actual income is very large for fees and at a time when the patent office requires better housing facilities as quickly as possible.

The minister knows the situation, as does his assistant. I must say to his credit, that together we led a small band under both administrations—the former one and this one—to try to get a suitable building for the patent office and the trademark office. At the present time it is unfair to be asked to run out to the experimental farm, No. 8 building, to make a small search. It takes half an hour to get there and back to complete your search. If that charge for the patent had not been so high, the patent office would have acquired enough revenue to justify a building at the present time.

I am sure that something must be done. I am sure the Minister of Finance who is eager to save money will ask for an inquiry into the cost of printing the patents. This year these totals are very substantial. The amount runs over $1 million for printing. In a small department like the patent office that is the cost for printing patents and the Patent Office Record. I hope at this stage the members of this committee will start to open their eyes and realize what a sizeable sum is being spent for printing.

Mr. Fleming (Eglinton): The hon. gentleman is, of course, quite right in the figures he has used. I appreciate his raising this question and the concern he has expressed over the cost. He has made reference to the fact that on January 1 of this year there was inaugurated an increase in the sale price per copy of a printed patent. The price was doubled from 50 cents to a dollar. But broadly speaking, the problem has been present for some time. I may say frankly that with the current study being undertaken by Chief Justice Ilsley and the royal commission it was thought to be not the time to be embarking on any substantial revision of the fees and printing requirements involved. However, when the report comes forward I can assure the hon. gentleman that I will be more than pleased to consider carefully the suggestions he has made tonight.

Mr. Richard (Ottawa East): I am quite aware of that royal commission. I do not expect much action to be taken on the report for maybe two or three years. I do not think the report of the royal commission will affect at all the situation as to the printing of the

patents. This is a matter in which it would be well for the printing bureau to produce costs and perhaps compare costs with outside sources so that we can see whether the actual cost of the printing of a patent is as much as the patent office is paying now. Mr. Justice Ilsley will not be examining the cost of printing patents at all.

The Chairman: Shall the item carry?

Mr. Pickersgill: Before we pass the item, can the minister give the balance of revenues and expenditures?

Mr. Fleming (Eglinton): For the present fiscal year, receipts, $1,672,000; expenditures for salaries, printing and other matters amount to a total of $2,463,000; or a deficit of $791,000.

Mr. Pickersgill: That is a considerable burden on the taxpayers generally. I wonder whether the minister has given any thought to that problem?

Mr. Fleming (Eglinton): Yes. The minister is doing his best to give thought to these problems.

Item agreed to.

Special—

687. Special expenditure in connection with a commission under the Inquiries Act to inquire into the workings of the Patent Act, the Copyright Act, the Industrial Designs Act, and other related legislation—further amount required, $13,000.

Mr. Richard (Ottawa East): I should like to ask the Minister of Finance what is the total cost to date of the royal commission on patent, copyright and industrial design and whether any further amount is expected to be expended outside of this supplementary estimate.

Mr. Fleming (Eglinton): It is expected that this estimate will complete the cost of the royal commission. I refer to this item of $13,000. The item in the main estimate was $11,900.

Mr. Richard (Ottawa East): What is the total to date?

Mr. Fleming (Eglinton): I am afraid I cannot give that information to the hon. gentleman offhand but if he wants the amount for the previous years included, I shall be glad to make inquiries and send it to him.

Mr. Howard: Before we proceed to discuss the item I wonder whether I might ask the minister again at this time, as I have asked him on other occasions, whether he will consider, not only in the supplementary estimates but in the main estimates also, so arranging the printing that the number of the vote appears in the details section of the pages also as well as in the front section in order to make it easier to find the particular item one is looking for. I raised this matter with the present minister and other ministers. Everyone seems to think it is a good idea but no one seems to get around to taking any action in the matter. Are there any complications or reasons why it could not be done?

Mr. Fleming (Eglinton): Of course nothing can be done about the matter this coming year because the main estimates have been printed. However, I shall be glad to give study to the hon. member's suggestion.

Mr. Howard: That is what the minister said last year when I asked him the same question on the main estimates. In any event, I hope that perhaps later on we shall get some indication as to what is the situation.

I wonder whether the minister can indicate when he might expect the commission to complete its inquiry especially in so far as its studies of the Patent Act are concerned?

Mr. Richard (Ottawa East): The report is being printed now.

Mr. Fleming (Eglinton): Yes. The Acting Secretary of State referred to that matter in the house a few days ago. A report has been submitted by the royal commission and it is being printed now.

Mr. Howard: I did not realize that was the situation or did not appreciate it.

Perhaps I might be a bit out of order but I will attempt to say what I have in mind anyway, Mr. Chairman, knowing that, with the ability you have, you will soon come to a conclusion as to whether I am in order or out of order. However, I will try my best to stay as close as I can to the question of this royal commission and the issue of patents in a preliminary way and perhaps expand on that matter later on under the main estimates dealing with the patent office.

Some days ago, in answer to a question of mine an order for return was made and a return was issued with respect to drugs and pharmaceuticals in the drug manufacturing industry, especially antibiotics and some of the tranquillizers and as to those about whom patents had been issued. The return was granted. I have not got it with me at the moment, but in a preliminary way I would like to say that the drugs I referred to in the question which was answered cover entirely, or almost entirely, the whole range of antibiotic or wonder type drugs which exist and are in use in Canada. Without mentioning the names, generally they are in the tetracycline group, and so on. The return showed that pages and pages of patents have been

issued by the patent office, all of them to corporations in the United States and not one to any company in Canada apart from Frosst and company.

I think this is one thing which perhaps the royal commission might deal with. If it has done so we will know when its report is printed and circularized. If not, there is one thing which I think the Secretary of State's office and the patent office might conduct an inquiry into themselves, and that is the need of granting patents for control and manufacture of goods in Canada exclusively to United States corporations. All of these corporations, incidentally, have subsidiary companies in Canada, but it is the head office and address of the corporations in the United States to whom the patents are issued.

Why is not some use made of the licensing section of the Patent Act to ensure that Canadian pharmaceutical manufacturing industries are developed under patents issued by the commissioner of patents in order to bring some competition into the drug field and also assist in bringing down the price of drugs in Canada, which are, as has been indicated, the highest in the world?

I had better not go further on the drug question, and I appreciate the fact that you have let me get so far.

Mr. Fleming (Eglinton): Mr. Chairman, in reply to the question asked earlier, the cumulative cost of the Ilsley commission to the end of the present fiscal year is $60,200.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

688. Exhibitions branch—further amount required, $63,400.

Mr. Pickersgill: Mr. Chairman, there is a great deal of interest in exhibitions. Perhaps the minister could start out by telling us why this extra money is needed and then perhaps go on from there and give us the latest dope on Montreal.

Mr. Fleming (Eglinton): Mr. Chairman, there are two items involved here, an item of $14,600 for salaries and wages following the reorganization of the branch in the Department of Trade and Commerce. Then there is an item of $48,800 to cover the cost of participation in the *Daily Mail* ideal home exhibition which has been held in London, England, from March 1 to March 26.

Mr. Pickersgill: This seems to have been a kind of expensive reorganization, to cost $14,000. Could the minister say what the purpose of the reorganization was?

Mr. Fleming (Eglinton): To make a more effective organizational structure in the branch for this purpose. There has been quite a lot of activity in this field. There have been a great many exhibitions and the reorganization which was carried out in this branch was considered necessary to cope with the burden being cast on the exhibitions branch. It is not a very large item. The size of it can be judged in relation to the original item in the main estimates of $790,592. This portion of the supplementary estimate is $14,600.

The other and larger item of $48,800 is attributable to the exhibition I mentioned.

Mr. Pickersgill: Could the minister tell us about the *Daily Mail* ideal home exhibition? It has certainly caught my fancy and I am sure the public would like to know what it is about.

Mr. Fleming (Eglinton): The exhibition opened in London on March 1 and ran until March 26. It was estimated that approximately 1,500,000 people visited the exhibition. Retail sales were permitted and consumer interest was high. Canadian firms showed a lot of interest in the exhibition and cooperation was excellent. This particular exhibition lent itself to the display of many types of consumer goods, such as household appliances, toys, footwear, textiles, hi-fi, luggage, sporting goods, ladies wear and similar items. Emphasis was placed on processed food such as canned fish, and perhaps there may even have been some from Newfoundland there.

Mr. Pickersgill: Could the minister assure me that there was some from Newfoundland?

Mr. Fleming (Eglinton): A trend house was constructed to promote the use of Canadian lumber in construction. The cost of this particular house was shared with the British Columbia lumbermen's manufacturers' association.

Mr. Hellyer: Could the minister tell us if consideration is being given to the re-institution of the international trade fair which we used to have in the city of Toronto, or something comparable to it?

Mr. Fleming (Eglinton): I understand not, sir.

Mr. Pickersgill: The minister did not tell us anything about the proposed fair in Montreal. Is that being run by the exhibitions branch?

Mr. Fleming (Eglinton): There is nothing in this item for that purpose.

Mr. Pickersgill: Could the minister throw any light on it?

Mr. Fleming (Eglinton): I think nothing new. The hon. gentleman is aware of the situation. No decision can be expected on this matter until, I think, the month of May.

Mr. Pickersgill: Since this is an exhibitions item, perhaps I may make a slight exhibition of myself and ask the minister if he would do something which I tried to get his predecessor to do, which I think he said he would consider but never did, and that is to put the numbers of the votes in the details as well as in the votes so that it is possible quickly to look from one to the other? The minister would not have to answer half as many questions if he did that.

Mr. Fleming (Eglinton): That suggestion was made five minutes ago by the hon. member for Skeena, and I told him I would be pleased to look into it.

Mr. Pickersgill: Would the minister tell me if he will do this, now that he has looked into it?

Mr. Fleming (Eglinton): I will tell the hon. member, as I told the hon. member for Skeena, that I will look into it.

Mr. Pickersgill: Could the minister not commit himself for once to something?

Item agreed to.

DEPARTMENT OF TRANSPORT

A—Department—

Canal services—

689. Payment to the Canada Starch Company, in accordance with terms and conditions approved by the governor in council, as part of the cost of construction of dikes and other works erected as a result of the St. Lawrence seaway and power development, to prevent flooding of land owned by the crown and leased to the company, and in lieu of compensation otherwise payable by the crown to the company on cancellation of the lease, $955,048.

Mr. Chevrier: Mr. Chairman, may I ask the minister for an explanation of this item.

Mr. Fleming (Eglinton): Yes, Mr. Chairman. This is an item to pay compensation to the Canada Starch company for property damage the result of flooding of land owned by the crown and leased to the company.

Mr. Chevrier: Why is this not a payment by Ontario Hydro?

Mr. Fleming (Eglinton): This whole aspect of the matter was carefully considered in the light of the agreement between the federal government and the government of Ontario in respect of the hydroelectric power development in the international rapids section of the St. Lawrence river. However, in order that the lease be not cancelled and that the premises be not transferred to Ontario for flooding purposes in connection with power development, Canada Starch Company Limited constructed dikes and other remedial works preventing the flooding of the leased land and adjoining land owned by the company to a total cost in excess of $2,500,000, for which the Hydro-Electric Commission of Ontario agreed to pay the sum of $1,326,000 in round figures. The construction of the dikes and remedial works permits Canada Starch Company Limited to carry on its business on the leased premises following the raising of the water level in the St. Lawrence river upon completion of the power development works.

Mr. Chevrier: Just another question or two. My understanding of the agreement between Ontario and Canada was that all the works having to do with power were to be performed by the Ontario Hydro-Electric Power Commission and that they would pay the damages occasioned thereby. What I am inquiring about now is why this was considered as part of a navigation expenditure rather than a power expenditure. I presume that is what it is, since we are required to pay a portion of it.

Mr. Fleming (Eglinton): Yes. It will be seen in the proportions in which the cost has been shared. The Hydro-Electric Power Commission of Ontario is bearing close to 60 per cent of the total.

Mr. Chevrier: Why should they not pay it all?

Mr. Fleming (Eglinton): First of all, let me point out that under the lease in question, which goes back to 1937, between the Department of Transport and Canada Starch Company, the company was granted the use of a parcel on the canal reserve land on the St. Lawrence, with the use of 280 horsepower of surplus water from the canal. The lease ran from 1937 to 1944 and was renewable in 10-year terms in perpetuity.

I have referred to article five of the agreement of December 3, 1951, between the government of Canada and the government of Ontario, under which Canada agreed to transfer to Ontario the administration of such lands belonging to Canada as are required for the purpose of the said development, and in accordance with the said provisions the lease is required to be cancelled in order that the leased premises be transferred to Ontario.

This, obviously, was not a simple situation at all. There are three interests involved here. There is the interest of the Ontario government in respect of the Hydro-Electric

Power Commission in relation to power development; there is the company, operating on land leased from the crown in right of the dominion—and the company has unquestionably sustained damage to its property in excess of $2.5 million—and then there is the federal government with an interest in this situation in two respects, first of all, as the lessor of the land and, second, in respect of the navigation on the river and canal. This whole subject was very carefully studied. It came before the treasury board, and this proved to be a way of bringing about a settlement of a tangled situation. On the whole, this was thought to be the most successful way of bringing the matter to a conclusion.

Mr. Chevrier: If I understand the matter correctly, then, it is one which appertains both to power and to navigation; to navigation, because of the interest which the Department of Transport had in the lease with the Canada Starch Company; and to power, because of the flooding that took place, or which would have taken place, to the premises of Canada Starch had it not been for the construction of the dike to protect the company's property. I suppose that the agreement reached, from what the minister says, was a solution in dollars and cents covering the compensation to be paid to Canada Starch, part of which was paid by Ontario Hydro, in so far as the power developments is concerned, and part by Canada in so far as navigation is concerned. If that is the case, I can see no objection to this.

Item agreed to.

Marine services—

690. Nautical services, including Canada's share of the cost of the North Atlantic ice patrol; grants and contributions as detailed in the estimates; rewards for saving life from vessels in distress; subsidy to a salvage company; and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 306 of the Canada Shipping Act—further amount required, $4,880.

Mr. Chevrier: Can the minister give some indication of what is Canada's share in the cost of the North Atlantic ice patrol? I know this situation has been going on for some years, and while this is a small item I presume the minister is in a position to give us the cost of the patrol.

Mr. Fleming (Eglinton): The share of the federal government used to be 50 per cent. It is now 70 per cent.

Item agreed to.

Railway and steamship services—

691. Prince Edward Island car ferry and terminals, $825,090.

Mr. Chevrier: Can the minister tell the committee whether or not the government intends to build a new car ferry for service between Prince Edward Island and the mainland? The minister may remember that every time this estimate comes up, that question is asked, and I think the Minister of Transport has initiated some surveys which, I believe, indicate that an additional ferry vessel is required. I wonder if the minister could give some indication that such will be forthcoming?

Mr. Fleming (Eglinton): I think I shall have to ask the hon. member to reserve that question for my colleague, the Minister of Transport, on his main estimates. The hon. member is, of course, aware of the third vessel, the S.S. *Scotia No. 2.* In April 1959 the treasury board gave approval in principle to the proposal to supplement the existing ferry services with that vessel. But as to additional ships, I think I must ask the hon. gentleman to reserve his question for the main estimates. There is nothing here dealing with it, anyway.

Mr. Hellyer: Is the vessel S.S. *Scotia No. 2* presently under construction?

Mr. Fleming (Eglinton): It is in dry dock.

Mr. Chevrier: It is not a new ship?

Mr. Fleming (Eglinton): No, there is a modification being carried out on it.

Mr. Hellyer: Modifications to an existing vessel which is being converted for use as a car ferry.

Mr. Fleming (Eglinton): That is right.

Mr. Chevrier: Would the minister bring to the attention of his colleague, the Minister of Transport, the question raised on this side as to whether it is proposed to add a new ferry to the present facilities?

Mr. Fleming (Eglinton): Yes. As a matter of fact I think this matter was referred to in the house not very long ago by my colleague the Minister of Transport, and I believe reference was made to the fact that tenders had been called for the new ferry.

Item agreed to.

692. Newfoundland ferry and terminals, $649,886.

Mr. Chevrier: I wonder whether the minister could tell us what the operation of this ferry cost during the present fiscal year? Was there a deficit and to what amount on the operation?

Mr. Fleming (Eglinton): In 1959 operating revenues amounted to $2,116,157; operating expenses totalled $7,916,043; leaving a net deficit $5,799,886.

Mr. Chevrier: Is the item now required exclusive or inclusive of that?

Mr. Fleming (Eglinton): It is inclusive. Part of this deficit was provided in earlier votes and this is the balance required.

Item agreed to.

693. Construction or acquisition of auto-ferry vessels and equipment—To extend the purposes of vote 415 of the main estimates, 1959-60, to include the vessel detailed in these estimates, $1.

Mr. Pickersgill: This is another dollar item.

Mr. Fleming (Eglinton): This supplementary estimate is required to provide for expenses arising out of the installation of transverse propulsion equipment and water filtering system on the Newfoundland ferry vessel, the *William Carson*. This additional work costs $167,415. There were funds available within the existing appropriation for transfer to cover the amount, but this item was brought before the committee for approval.

Item agreed to.

694. Yarmouth, Nova Scotia-Bar Harbor, Maine, U.S.A., ferry service—deficit 1959—further amount required, $63,203.

Mr. Chevrier: Mr. Chairman, could the minister give us a quick break-down of the operation of this vessel?

Mr. Fleming (Eglinton): For the year 1959, the Yarmouth-Bar Harbor ferry service shows the following results: Operating revenues, $1,166,454.02, total expenses $1,360,-656.88, showing a net deficit of $194,202.86.

Item agreed to.

695. Degaussing Canadian-owned merchant ships of 1,000 gross tons and over, of Canadian registry, or of United Kingdom registry if subject to re-transfer to Canadian registry under special inter-governmental arrangement—To extend the purposes of vote 418 of the main estimates, 1959-60, to include Canadian government vessels, $1.

Mr. McGee: Mr. Chairman, I am just wondering why there is apparently a threat from magnetic mines approximately 15 years following the cessation of hostilities?

Mr. Fleming (Eglinton): Mr. Chairman, this item is a $1 item, the purpose of which is simply to extend the scope of the purposes for which the house approved the original vote, item No. 418, in the main estimates. This extension is required to authorize an amendment by adding Canadian government vessels to the scope of the original item. In the current and previous fiscal years expenditures were made on account of installing these protective devices not only on merchant ships but on transport ships such as icebreakers, supply and rescue ships, and those of other government departments. This item is designed to give approval.

Mr. Pickersgill: That does not quite answer the hon. member.

Mr. McGee: As I found out from an exploration I conducted in the dictionary "degaussing" means a device to prevent magnetic mines exploding in the immediate area. Is that not correct?

Mr. Pickersgill: The hon. member's question should be answered, sir.

Mr. Fleming (Eglinton): Mr. Chairman, I have already indicated the purpose of the amendment. I have indicated the work that has been carried on and for which approval is sought. This work is supervised by technical officers of the Department of National Defence. The committee is comprised of representatives of the Canadian maritime commission, the Department of Transport and the Department of National Defence approve of the ships to be degaussed. This is to permit the extension of the service to government ships.

Mr. Pickersgill: Mr. Chairman, I am wondering what the chairman of the treasury board asks the department about when an item comes up. Could the minister take us into his confidence and tell us that?

Mr. Fleming (Eglinton): Mr. Chairman, I would be more than pleased to take the hon. gentleman into my confidence on a great many things but the proceedings of the treasury board are, of course, secret, and I think it would not be proper for me to discuss what goes on in the treasury board in reporting here. I can assure him, however, that the purpose of the treasury board is to make very certain that the expenditures for which approval is sought are authorized, are necessary, and that the taxpayers are receiving full value for every dollar to be spent.

Mr. Pickersgill: Well, why is this necessary?

Mr. Fleming (Eglinton): Because it is necessary in the interests of safe navigation. I am sure the hon. gentleman would not want government vessels to be exposed to hazards when modern science can contribute to the reduction of the hazards.

Mr. Hellyer: That is quite right, Mr. Chairman. Is the minister able to tell us when

the last floating mines were found in the coastal waters off eastern Canada?

Mr. Fleming (Eglinton): I do not know, Mr. Chairman, but there are quite a few floating around here sometimes.

Mr. Pickersgill: I thought that the minister's last observation to me was very appealing but why did it become necessary only in 1960 to extend this to Canadian government vessels? It seems very late in the day to be giving a protection to Canadian government vessels that was previously given to others. If they have gone without protection for all these years why was it suddenly necessary in the further supplementary estimates?

Mr. Fleming (Eglinton): I think I have already dealt with that. This practice is not confined to this year. As a matter of fact it goes back, I am told, to the time of our predecessors in office. The treasury board thought it was high time this matter was brought before parliament for approval.

Mr. Pickersgill: Does the minister mean to say it has been done illegally for the last three years? Is that what the minister is telling us now?

Mr. Fleming (Eglinton): Did the hon. gentlemen say for the last three years? I am told that the practice went on before that. I will not say it was done illegally but there was just enough doubt about it to make it desirable in the view of the treasury board that this matter should be brought to the committee.

Mr. Pickersgill: There is no new practice if I understand the minister correctly but just a change in language to make sure that every kind of vessel is covered?

Mr. Fleming (Eglinton): Just to remove any question about the practice that has been followed, to make it quite clear that government ships are included within the scope of the authorization.

Mr. Hellyer: Could the minister tell us who does this degaussing process? Is it done by some branch of the government service or by a private company?

Mr. Fleming (Eglinton): I indicated the direction under which the work is carried on, Mr. Chairman. As I understand it it is a service of the Department of Transport.

Mr. Hellyer: The minister feels it is done by officials of the Department of Transport itself?

Mr. Fleming (Eglinton): Yes, but the work is supervised by technical officers of the Department of National Defence, the navy. I mentioned earlier the committee that is composed of representatives of the Canadian maritime commission, the Department of Transport and the Department of National Defence.

Item agreed to.

696. Maritime Freight Rates Act—Payment to the railway companies operating in the select territory designated by the act, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway Company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways and in the case of the other railways by the board of transport commissioners for Canada) on all traffic moved during the calendar year 1959—further amount required, $179,500.

Mr. Robichaud: Mr. Chairman, could the minister give some information to the committee in view of the reports which have been made by the maritime transportation commission as to whether the government is giving consideration to extending the rollback beyond the expiry date of July 31?

Mr. Fleming (Eglinton): So far as the present item is concerned, obviously no extension is contemplated or is involved beyond that previously approved. This is simply the vote of an additional sum.

As to the question the hon. gentleman has asked, I think it would be more properly directed to my colleague the Minister of Transport on the main estimates for 1960-61.

Mr. Chevrier: Mr. Chairman, this is the usual item which is voted in the main estimates and the addition in these further supplementaries to cover the difference between the tariff tolls and the normal tolls in the select territory. The question that comes to my mind now is this. The minister will remember that a statement was made in the house that there would be no increase in freight rates for a period of one year. I believe that statement was made both by the Prime Minister and the Minister of Transport in the course of a debate relating to a reduction under the freight rates act and also in answer to a question on the orders of the day which I believe was directed to the Prime Minister.

The year expires pretty soon and I am wondering if the minister is in a position to tell the committee whether we can expect a statement either by the Prime Minister or the Minister of Transport as to whether or not there is going to be an increase allowed. By that I mean, will the railways be allowed to file their applications with the board of transport commissioners for an increase in freight rates? As the minister knows, the Canadian National Railways already filed an

application for what I believe was a 12 per cent increase though I may be corrected as to the amount and because of the statement made by the government the application had to be withdrawn. I am wondering whether, because the year expires soon, there will be a statement coming from the government in this respect?

Mr. Fleming (Eglinton): Any such statement, of course, will have to come from the Prime Minister or from my colleague, the Minister of Transport. I do not think it would be proper for me to attempt to answer the hon. gentleman's question.

Mr. Chevrier: Does the minister know whether a statement or an announcement will be made before the expiry of the year?

Mr. Fleming (Eglinton): I will bring my hon. friend's inquiry to the attention of my colleague.

Item agreed to.

697. To authorize the governor in council to grant to Canadian National Railway Company a subsidy of $25,000 per mile, but not exceeding $7,450,000, towards the construction of the line of railway referred to in chapter 49 of the statutes of Canada, 1953-54, as branch line number 1 (described approximately as a line of railway from St. Felicien to Chibougamau and from Chibougamau to Beattyville in the province of Quebec); such grant of subsidy to be made in such manner and in such amounts and subject to such conditions, if any, as the governor in council deems expedient—further amount required, $35,750.

Mr. Regier: I believe the minister will recall that about a week or so ago on the orders of the day I asked, I believe it was the Prime Minister, to comment on the claim of the premier of British Columbia that the federal government still owed the sum of $13 million to British Columbia as a grant for the extension of the Pacific Great Eastern railway from Prince George into Fort St. John. At that time the Prime Minister replied that the federal government had met its commitment; that it had paid its commitment of a grant of $25,000 per mile for a limited length of the Pacific Great Eastern, and no more money was owing to the government of British Columbia. Would the minister care to state whether the government of British Columbia has applied for a $25,000 a mile grant for that portion of the railroad from Prince George to Fort St. John? As the minister knows, the grant that has been paid applied to a section from Quesnel to Prince George. Exactly how can the premier of British Columbia claim that this money is owing?

Mr. Fleming (Eglinton): Item 697, Mr. Chairman, really has no application to any railway but one, and that is one in the province of Quebec running from St. Felicien to Chibougamau and from Chibougamau to Beattyville. It has no application to any other province or to any other line than that one.

As to the matter concerning which the hon. gentleman inquires, I suggest he raise it when the estimates of the Department of Transport are in the committee of supply, the main estimates for 1960-61.

Mr. Regier: Is it the policy of the government to grant railway building assistance to the extent of $25,000 per mile anywhere in Canada, or does each specific case need to be looked at on its own merits?

Mr. Fleming (Eglinton): Yes, every case has to stand on its own merits.

Mr. Chevrier: May I ask a question with reference to the eastern part of the line. I understand the western part, that is the part from Beattyville to Chibougamau, has been completed and is now in operation. The other half has been completed and is just starting in operation. Can the minister give some indication of the financial position of the line? For instance, what freight is moving on it and are the anticipations of the railway when it asked for this subsidy being met?

Mr. Fleming (Eglinton): I think it is really too soon to expect any statistical information that would have any value. The construction of the last section between St. Felicien and Cache lake was opened only on October 28 last.

Item agreed to.

698. Canadian National Railways deficit, 1959—Amount required to provide for payment to the Canadian National Railway Company (hereinafter called the National Company) upon applications approved by the Minister of Transport, made by the National Company to the Minister of Finance, and to be applied by the National Company in payment of the system deficit (certified by the auditors of the National Company) arising in the calendar year 1959 subject to recovery therefrom of accountable advances made to the National Company from the consolidated revenue fund, $43,588,290.

Mr. Chevrier: This is a tremendous amount, Mr. Chairman. I do not think we can allow it to pass without some more detailed comment by the minister. This is the amount of the deficit of the Canadian National Railways. While it is true that this matter is being investigated in the committee on railways, shipping and air lines, owned, operated and controlled by the government, at the present time, it is unfortunate that the committee of the whole house and the committee on railways and shipping is sitting at the same time, because it does make it difficult to follow both; certainly, it makes it extremely difficult for those of us who sit on

this side of the house. The minister himself would not want this item to go through without giving a more detailed explanation of it. First, we should be given some reason why the amount of the deficit is as high as it is. What are the reasons for it, and what are the prospects for the calendar year 1960?

Mr. Fleming (Eglinton): I share the hon. gentleman's concern over this very substantial sum. This, of course, is an annual vote in years when the Canadian National Railways show an operating deficit, and it has to come before the house in the late stages of the fiscal year.

The results of the year in question, 1959, from the financial point of view, are not as good as the railway had expected at the beginning of the year. In the budget for 1959, which was approved, it was anticipated that there would be a deficit of $34,400,000. Operations did not develop during the year as favourably as had been hoped, with the result that the company shows an operating deficit for the year 1959 of $43,588,290. While this is not as favourable a result as the budget for the year indicated, it nevertheless is an improvement over the operating results for 1958. The committee will recall that a year ago it was necessary to provide for a deficit of $51,591,424 for the year 1958.

The hon. member has asked as to the present outlook. I may say that the outlook for 1960 is somewhat brighter than the results for 1959. The indications are that unless the company encounters an increase in its operating expenses it should in 1960 show an improved operating result over 1959. But the hon. member as well as anyone in this house knows how difficult it is to forecast nowadays the results of the operations of the line a year in advance.

Mr. Chevrier: I am sure the minister will not feel that I am trying to hold up this item because I ask for some additional information. As I said earlier, I really feel the minister would be advised to give some further information. Can the minister tell us whether this additional increase in the deficit from $34 million, which was estimated, and the $43 million which we have before us, was caused by an increase in over-all labour costs; whether it was because of the failure to obtain increased freight rates or whether it was because of the financing costs of the Canadian National Railways? By that I mean the high interest rates which the Canadian National Railways had to pay. Would it be for those three reasons or some of those three reasons, or other reasons?

Mr. Fleming (Eglinton): The reason was a disappointment in respect of operating revenues. The budget had contemplated operating revenues of $756,500,000; the actual operating revenues proved to be $740,165,041. There were some savings with respect to operating expenses, but the reason the deficit has exceeded the budget in that respect is the disappointment in respect of operating revenues.

Mr. Regier: Would the minister care to comment on newspaper reports of a little while ago that the government of the province of Quebec has agreed to subsidize the trucking industry there? Does the minister know whether this is actually being done and, if so, how can we say we are looking after the welfare of the taxpayers if one level of government subsidizes the chief competitor of the railways while another level is subsidizing the railways?

Mr. Fleming (Eglinton): I have not seen the article to which the hon. member refers but, of course, the federal government has no jurisdiction in respect of highway transport except in the case of interprovincial and international movements. For that reason I think the hon. member has invited me to comment on a subject that is entirely within provincial jurisdiction. Canadian National Railways, as he is aware, does operate some trucking services as ancillary to its rail operations.

Mr. Regier: Will the minister agree that if provincial governments begin to subsidize the trucking industry the federal government should give consideration to curtailing interprovincial and long distance trucking?

Mr. Fleming (Eglinton): What we are doing in the present item, of course, is subsidizing rail transport in Canada. The present item is a governmental contribution to the cost of operating the Canadian National system, but I would not wish to go further into this field because there are hypothetical elements in the situation in the article to which the hon. member referred.

Mr. Chevrier: The minister did not answer the question I asked him earlier as to what was the reason for the difference in the estimate of the deficit of the C.N.R., $34 million compared with $43 million, and I asked whether it was due to increased labour costs.

Mr. Fleming (Eglinton): I did answer the hon. gentleman's question. I pointed out that the cause was a disappointment in operating revenues, that the operating revenues fell $16.4 million short of the operating revenues anticipated in the budget.

Mr. Chevrier: Yes, but the operating expenses did not fall in proportion, and that is why I asked whether it was due to labour costs.

Mr. Fleming (Eglinton): I pointed out that there had been some savings. The actual operating expenses were not as much as were budgeted for, but whatever reduction was achieved in that respect did not equal the reduction in the operating revenues compared with the budget. To put it in a concrete form, the deficit of $43.5 million was $8.9 million greater than the budget contemplated but the actual operating revenues were $16.4 million less than the budget contemplated.

Mr. Chevrier: What about the failure of the Canadian National Railways to get any increase in freight rates? Does that constitute one of the reasons for the increased deficit?

Mr. Fleming (Eglinton): No one can say whether Canadian National Railways, if its application had proceeded, would have succeeded in obtaining an increase in railway freight rates by decision of the board of transport commissioners. No one can say that. If one could assume that they would have been granted an increase in freight rates and had carried as much freight at the increased rates as they carried at the present rates, then obviously there would have been a higher operating revenue. I presume that at the same time there would perhaps have been some added operating expenses. But here we are in a completely speculative field and I cannot go further in making assumptions in regard to the possibility of their having obtained higher freight rates or having retained all their traffic.

Mr. Chevrier: But was the 17 per cent increase not reduced in part? It was an interim increase and it was reduced in part. Would that not account for the increase in the deficit?

Mr. Fleming (Eglinton): Again I think we are in the field of speculation. The subsidy that the government provided recompensed the company.

Mr. Chevrier: I will not insist, but will the minister answer this question? Will he attribute any of the increase in the deficit to interest rates?

Mr. Fleming (Eglinton): So far as the deficit is concerned, obviously interest rates enter into the company's expenditures. They must. It has fixed charges in its total budget amounting in 1959 to $52,918,886. Those are fixed charges. The company has a very substantial outstanding bonded indebtedness and of course this has to be serviced.

[Mr. Fleming (Eglinton).]

Mr. Chevrier: What was the interest rate on the last loan floated by Canadian National compared with the previous one?

Mr. Fleming (Eglinton): I will have to speak from memory, but I think the coupon rate on the last loan was 5½ per cent and the bonds were sold at a small discount. I do not have those figures with me but I will be glad to furnish them.

Mr. Chevrier: I will take them subject to correction in *Hansard*. Can the minister say how that compared with the previous issue?

Mr. Fleming (Eglinton): The previous issue was the year before and interest rates at this time were somewhat higher than they were a year ago. Interest rates have risen in the early or middle part of the year and there has been some tapering off since. I will be glad to get the hon. gentleman the exact figures.

The Chairman: Order. It being ten o'clock—

Mr. Churchill: Would the committee care to go on for a few minutes more? We only have ten items left.

The Chairman: Is the committee unanimous?

Some hon. Members: Agreed.

Mr. Chevrier: Then I have a question or two I wanted to ask. What was the date of the issue upon which the coupon rate was 5½ per cent?

Mr. Fleming (Eglinton): That issue was put out about three months ago. For the past three years there has been an annual issue by Canadian National Railways. I will be glad to furnish the hon. member with the details of these issues if he wishes them.

Mr. Chevrier: Does the minister know whether there will be one in 1960?

Mr. Fleming (Eglinton): That depends. We never indicate in advance but there has been an annual issue for the past several years.

Mr. Pickersgill: I was just wondering whether the minister could give us the figure for the comparative amount of interest charges borne by the C.N.R. in the current fiscal year and a year ago. I refer to the total.

Mr. Fleming (Eglinton): I have given the actual figures of fixed charges. It was about a million dollars less than the budget contemplated. In the previous year the fixed charges amounted to $46.5 million.

Item agreed to.

General—

700. Reimbursement of the Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $221,348.

Mr. Pickersgill: What is the point of this vote?

Mr. Fleming (Eglinton): This item No. 700 is a recurring year-end item provided under the authority of section 60, subsection 2 of the Financial Administration Act in order to enable the write-off from the Department of Transport stores account and deletion from the inventory of certain plant, equipment and materials. In this case two sums are involved. There is equipment that is now obsolete or unserviceable and the write-off there is $42,950.34. Another item refers to equipment destroyed, the amount in that case being $178,397.13.

Mr. Chevrier: I should just like to tell my hon. friend that I am going to be a little bit kinder to him with reference to this vote than his colleagues were to me when I introduced the legislation—and I have reference to my dear friend the hon. member for Greenwood. I was obliged to come back several times with a bill to amend the Transport Act. I am not going to make my hon. friend's life miserable, although I think I could do so on this occasion. Does my hon. friend remember that incident?

Mr. Macdonnell: The hon. member flatters me.

Mr. Hellyer: This item of $178,397, the component for equipment destroyed, is a sizeable item. Can the minister give us some indication of the type and variety of equipment that item would include?

Mr. Fleming (Eglinton): Yes. There are two items here into which that sum is broken down. The first represents a total of $127,245.74 of equipment, the contents of the radio test room destroyed by fire on May 15, 1959. The other item amounts to $51,151.39 representing food supplies destroyed by fire at the Frobisher Bay airport.

Item agreed to.

Air services—telecommunications branch—

702. Radio aids to air and marine navigation—Construction or acquisition of buildings, works, land and equipment—To extend the purposes of vote 427 of the main estimates for 1959-60 to include the construction of works during the current and subsequent fiscal years on Anticosti island on land owned by the Consolidated Paper Corporation Limited, $1.

Mr. Pickersgill: This is a dollar item and it is a peculiar one. My attention was drawn to it particularly by the hon. member for Kenora-Rainy River who has been obliged to spend the whole evening in a committee and was not able to be here. He drew attention to the curious wording "to include the construction of works during the current and subsequent fiscal years". This would appear to be in anticipation, and I say "would appear to be" because the minister may have some perfectly proper explanation. It would appear to be in anticipation of parliamentary control over expenditures in subsequent years. Perhaps the minister could give some explanation dealing particularly with that point.

Mr. Fleming (Eglinton): Recently treasury board authorized the Department of Transport to enter into long term leases with the Consolidated Paper Corporation Limited for lands on Anticosti island for the purpose of the establishment of a remote transmitter site and associated staff dwellings. Normally the department does not erect works on land not owned by the crown but in this case the company refused to sell and it was considered that the crown's interest was adequately protected by the long term lease. That lease guarantees the crown undisturbed possession for 20 years. I may say that the company has been extremely co-operative in permitting the use of its roads, construction equipment and other facilities. It will therefore be seen that this is an authorizing item.

Mr. Pickersgill: I understand it is extremely unusual for the government to build any structure that is owned by the crown on land that is not owned by the crown. Of course there is a right of eminent domain. Perhaps the minister would explain why there was not expropriation in this case.

Mr. Fleming (Eglinton): This was thought to be a much better deal from the point of view of the crown. As to protecting the interests of the crown in the light of its having erected transmitter sites and the associated staff dwellings, it was felt that the 20-year lease gave adequate protection to the crown. To have proceeded beyond that point and to have expropriated would have been, it was felt by the treasury board in this case, not good business for the crown. This is a better arrangement.

Mr. Pickersgill: Is no rent paid or is it a dollar a year? Is that it?

Mr. Fleming (Eglinton): I have not here information as to the exact rent paid. I will be glad to furnish that information if the hon. gentleman wishes it.

Mr. Pickersgill: The minister will admit that it is a little bit difficult for us to form an opinion which we ought to try to form here in the committee as to whether it is good

business if we do not know what the rent would have been over the 20-year period as compared with what the probable cost would have been in the case of expropriation.

Mr. Hellyer: I think the minister also should give us some indication of the nature and extent of the installations. This period of 20 years is quite a short period for a lease and is not compatible with the policy of some other government departments. For example, Central Mortgage and Housing Corporation would not guarantee a mortgage where the house was built on leased land unless the lease ran for considerably longer than that period of time. Can the minister give us information as to the nature and the extent of the installations and tell us how permanent they are and what their anticipated life would be?

Mr. Fleming (Eglinton): Perhaps, Mr. Chairman, if we let this item stand for a moment and went on to the next one, I might have that information shortly.

The Chairman: Shall this item stand?

Some hon. Members: Agreed.

Item stands.

703. Radio Act and regulations—
Construction or acquisition of buildings, works, land and equipment—further amount required, $50,000.

Mr. Pickersgill: What is this item about? Perhaps the minister could give us a brief explanation.

Mr. Fleming (Eglinton): This is an addition of $50,000 to the sum of $405,000 that was voted in the main estimates. The amount arises out of a fire in the Ottawa radio test room. This $50,000 is to replenish the fire losses replacement account from which an advance of $50,000 was received.

Mr. Pickersgill: That explanation raises a very interesting point. In the old days when the hon. member for Peterborough sat on this side of the chamber we had our attention drawn in the house to every fire that affected government property. Now that the hon. gentleman is over there on the opposite side of the chamber there sems to be no one who is taking the same interest in fires. Has the minister any figure as to the total fire losses in the last fiscal year?

Mr. Fleming (Eglinton): Not offhand. I could get that information. The hon. member in effect is asking me what sums were provided for out of the fire losses replacements account during the year. I shall be glad to make inquiries. Is the hon. gentleman asking the amount for the fiscal year or the calendar year?

[Mr. Pickersgill.]

Mr. Pickersgill: I think for the fiscal year.

Item agreed to.

Civil aviation branch—

704. Construction or acquisition of buildings, works, land and equipment—To extend the purposes of vote 437 of the main estimates, 1959-60, to include construction work on local roads providing access to the new air terminal at Ottawa airport, a contribution to the province of British Columbia in the amount of $22,500 towards construction of a by-pass road at Terrace airport, British Columbia, and authority to charge to that vote the cost of lands purchased, by means of loans provided for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future development of new and existing main terminal airports including facilities for relieving congestion thereat, that are not held for resale, $1.

Mr. Chevrier: Will the minister give an explanation of this item? Can he say whether any of this amount has to do with the buzzing by the supersonic United States plane of the Uplands airport?

Mr. Fleming (Eglinton): The answer to the second question is no. This is a one dollar item and it is intended to amend vote 437 of the main estimates in order to extend the scope of the item. Item 484 authorizes loans up to $4 million to be used for acquisition of land to prevent the erection of hazards to flying and for future airport development. Such a loan item has been provided annually since 1954-55 when the major airport construction program started. At the present time loans to a total figure of $8.2 million are on the asset side of the balance sheet of which about $2 million are being held for resale. It is proposed to transfer to the current account the cost of those lands which were initially purchased through the loans account which it is not intended to resell. The amount involved is $6.2 million. No additional funds will be required since there will be a lapse in this vote sufficient to cover these amounts.

Item agreed to.

Canadian maritime commission—

706. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $1,095,154.

Mr. Chevrier: Could we get some explanation of these subventions, and also can the minister give some indication of the present status of the Canadian maritime commission? I attempted to get some information earlier but was not too successful. By that I mean, what is the position of the maritime commission? Is it the intention of the government to carry it on? It has had certainly not the activities it used to have, and I do not mean that in any derogatory sense. I certainly do not mean that in a sense which

would affect the present holder of the chairmanship of that commission for whom I have a great deal of regard. Incidentally, I think the present holder is a man of many qualifications and I am sure would fill this job satisfactorily.

The point I make now is this. Over and above the subventions which are mentioned here, what are the intentions of the government in so far as the future of the commission is concerned?

Mr. Fleming (Eglinton): Mr. Chairman, as the hon. gentleman is aware, there was a change in the chairmanship of the Canadian maritime commission during the past year when Mr. Louis Audette, who had been for some years chairman of the maritime commission, was appointed chairman of the tariff board. There has been no change in the status or function of the Canadian maritime commission. If any were to be announced I think the announcement would have to come from my colleague, the Minister of Transport. Certainly there is none which I can announce, and the maritime commission is carrying on precisely as has been the case hitherto.

As to the item in question, this is an enlargement of an item which began in the main estimates with a vote of $5,553,500. It was increased in the supplementary estimates by $54,700 and is now proposed to be increased by a further $1,095,154, required to provide the expenses arising out of the operation of steamship services in various localities. In the eastern local services we have Ile aux Coudres and Les Eboulements. Next is Murray Bay and the north shore of the St. Lawrence river, winter service. Next is Pelee island and the mainland of Ontario. Next is Rimouski, Matane and the north shore of the St. Lawrence river, Quebec. Next, Newfoundland coastal steamship services.

Item agreed to.

Loans, investments and advances—

External affairs—

709. Additional advance to the working capital fund of the United Nations organization in the amount of $30,230 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars esitmated as of March, 1960, which is, $28,728.

Mr. Chevrier: Can the minister give some explanation of this item?

Mr. Fleming (Eglinton): This item comes under the loans items and is intended to provide an additional advance to the working capital of the United Nations organization in the amount of $30,230 U.S., which is $28,728 Canadian.

In his foreword to the 1960 budget estimates of United Nations the secretary-general once again invited the attention of all member nations to the fact that the cash position of the organization continued to be a source of grave concern. This gave rise to studies of the matter and the result was that the advisory committee made recommendations to the assembly on this and associated questions. A decision was taken to provide an increase and the increase was approved by the United Nations assembly. Canada's share of the $25 million increase is 3.11 per cent, and taking account of credits and advances which had been made in previous years, the amount now required to pay Canada's share is the figure of the item.

Item agreed to.

710. To increase to $7,000,000 the amount that may be charged at any time to the revolving fund mentioned in subsection (2) of section 101 of the Financial Administration Act, chap. 12, statutes of 1951 (2nd session), and extended by vote 630 of the Appropriation Act No. 2, 1955, and vote 662 of the Appropriation Act No. 5, 1958; additional amount required, $1,000,000.

Mr. Chevrier: Could the minister tell us what the object of the revolving fund is and why it is necessary to increase it by $1 million?

Mr. Fleming (Eglinton): Mr. Chairman, this is the revolving fund in the Department of Transport. The amount of the fund at the present time is $6 million and it is used for the purpose of stores required for the various operating services of the department. The situation at July 1, 1959 was that the stores inventory charges against the fund were $5,651,386. The balance for working capital at that time was less than $350,000. There is an average delay of one month in receiving credits to the fund for store issues, and on the basis of an annual stores turnover of approximately $7 million a balance of approximately $600,000 was considered to be necessary to provide adequate working capital. Consequently it is now proposed that the authorized item be increased from $6 million to $7 million on this account.

Item agreed to.

Air services—

Telecommunications branch—

702. Radio aids to air and marine navigation—Construction or acquisition of buildings, works, land and equipment—To extend the purposes of votes 427 of the main estimates for 1959-60 to include the construction of works during the current and subsequent fiscal years on Anticosti island on land owned by the Consolidated Paper Corporation Limited, $1.

Mr. Fleming (Eglinton): Mr. Chairman, I now have the information on vote 702. The rent in question is nominal. As to the buildings, the radio transmitter and houses to be erected, I might say that the department expects that 20 years will equal the useful life of the facilities. That fact was taken into account when the arrangement was made with the company.

Item agreed to.

The Chairman: That item completes the further supplementary estimates.

Resolutions reported and concurred in.

WAYS AND MEANS

The house in committee of ways and means, Mr. Flynn in the chair.

Mr. Fleming (Eglinton) moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1960, the sum of $117,844,324 be granted out of the Consolidated Revenue Fund of Canada.

Resolution reported and concurred in.

Hon. Donald M. Fleming (Minister of Finance) thereupon moved for leave to introduce Bill No. C-55, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1960.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall the said bill be read a second time?

Mr. Chevrier: Next sitting of the house.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader of the house what we shall be doing tomorrow? I am sure the opposition would appreciate it if we could be told what we shall have under consideration this week until budget time.

Mr. Fleming (Eglinton): Before my colleague answers that question, may I thank the house for its co-operation in sitting beyond ten o'clock to enable us to complete the review of the supplementary estimates.

Mr. Churchill: Tomorrow we shall begin with the second reading of the appropriation bill. We shall follow that with the resolution in the name of the Minister of Public Works dealing with the Trans-Canada Highway Act. If these items are completed we shall take item No. 11 on today's order paper, the resolution in the name of the Minister of Northern Affairs and National Resources dealing with the amendment to the Yukon Act; followed by item No. 12, the resolution in the name of the same minister dealing with an amendment to the Northwest Territories Act. That is Wednesday. On Thursday, the first item of business will be second reading of a bill to amend the National Energy Board Act which I expect will receive first reading tomorrow, followed by any of these three items which have not been completed. Thursday night is budget night. On Friday, we shall commence with the resolution in the name of the Minister of Finance on the subject of the Federal-Provincial Tax-Sharing Arrangements Act. If on Wednesday, Thursday or Friday any of the items which I have outlined have been completed and we want more business to do, we would refer to page 3 of the order paper where six bills are listed for second reading, and we would take them in that order.

It being twenty five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CITIZENSHIP CERTIFICATES TO CHINESE

Question No. 296—**Mr. Pickersgill:**

1. How many persons of Chinese origin received certificates of Canadian citizenship in each of the calendar years 1955, 1956, 1957, 1958 and 1959?

2. How many applications for Canadian citizenship from persons of Chinese origin were pending at the latest available date?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. The following statistics reflect the number of persons of former Chinese citizenship who were granted Canadian citizenship:

1955, 2,366; 1956, 1,786; 1957, 2,160; 1958, 2,058; 1959, 1,318.

2. Statistics are not available.

ARMENIAN IMMIGRANTS

Question No. 297—**Mr. Pickersgill:**

Questions

1. How many persons of Armenian origin were landed as immigrants in Canada in the calendar year 1959?

2. How many persons of Armenian origin received certificates of Canadian citizenship in the calendar year 1959?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. 231.

2. Statistics are not available on the racial origin of persons granted Canadian citizenship.

JAPANESE IMMIGRANTS

Question No. 298—**Mr. Pickersgill:**

1. How many persons of (a) Japanese origin; (b) Japanese citizenship, were landed as immigrants in Canada in the calendar year 1959?

2. How many persons of (a) Japanese origin; (b) former Japanese citizenship, received certificates of Canadian citizenship in the calendar year 1959?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. (a) 191, (b) 190.

2. (a) Statistics are not available on the racial origin of persons granted Canadian citizenship, (b) 120.

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

General—

668. Polar continental shelf project-further amount required, $376,622.

B—Dominion coal board—

669. Payments in connection with the movements of coal under conditions prescribed by the governor in council—further amount required, $1,069,866.

DEPARTMENT OF NATIONAL DEFENCE

Pensions and other benefits—

670. To authorize payment to Mrs. Jessie Vernice Ward during the current and subsequent fiscal years of a pension calculated at the rate of $949.00 per annum with effect from the 28th day of June, 1955; and a further payment to her, as an increase in the pension, calculated at the rate of $303.67 per annum for the period from the 1st day of July, 1958, to the 31st day of March, 1960, and thereafter the pension shall be increased in accordance with the Public Service Pension Adjustment Act, $5,048.

Defence Services Pension Act—

671. To authorize payment of an amount of $1,431.02 (to be charged to the permanent services pension account) to former flying officer T. R. Dunbar (33732) in an amount equal to the difference between the gratuity which was paid to him under section 51 of the Defence Services Pension Act and the amount he would have received had he been paid a gratuity equal to his contributions under section 52 of the said act, $1.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Water resources branch—

672. Saint John river—federal expenditures in connection with investigations to be carried out by the Saint John river board—further amount required, $25,000.

Northern administration and lands branch—

Northwest territories and other field services—

673. Operation and maintenance—to extend the purposes of vote 278 of the main estimates for 1959-60 to include the contribution detailed in these estimates, $1.

Forestry branch—

674. Contributions to the provinces for assistance in forest inventory, reforestation and forest fire protection in accordance with agreements entered into by Canada and the provinces—further amount required, $100,000.

POST OFFICE DEPARTMENT

675. Transportation—movement of mail by land, aid and water, including administration—further amount required, $2,344,000.

PRIVY COUNCIL

Special—

676. Expenses of the royal commission on the Great Slave Lake Railway including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board, to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission—further amount required, $7,500.

677. Expenses pertaining to the visit to Canada in 1959 of her Majesty The Queen and His Royal Highness The Prince Philip, Duke of Edinburgh, including authority, notwithstanding the Civil Service Act or any other act but subject to the approval of treasury board, to appoint and to pay persons to be engaged temporarily in connection therewith—further amount required—$43,000.

NATIONAL CAPITAL COMMISSION

678. Interest charges on outstanding loans that were made for the purpose of acquiring property in the national capital region—further amount required, $110,000.

PUBLIC PRINTING AND STATIONERY

679. Printing of *Canada Gazette*—further amount required, $21,000.

680. Printing and binding the annual statutes—further amount required, $13,000.

DEPARTMENT OF PUBLIC WORKS

Public buildings construction and services—

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amount required,

681. Ontario (other than Ottawa), $1.

Harbours and rivers engineering services—

Acquisition, construction and improvements of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required,

682. Nova Scotia, $1.

683. Quebec, $1.

ROYAL CANADIAN MOUNTED POLICE

684. Land, air and training divisions—construction or acquisition of buildings, works, land and equipment—further amount required, $164,000.

685. Reimbursement of the Royal Canadian Mounted Police revolving fund for the value of cloth which has become obsolete, unserviceable, lost or destroyed, $878.

DEPARTMENT OF SECRETARY OF STATE

Patent and copyright office—

686. Patent division—further amount required, $248,500.

Special—

687. Special expenditure in connection with a commission under the Inquiries Act to inquire into the workings of the Patent Act, the Copyright Act, the Industrial Designs Act, and other related legislation—further amount required, $13,000.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

688. Ehibitions branch—further amount required, $63,400.

DEPARTMENT OF TRANSPORT

A—Department—

Canal services—

689. Payment to the Canada Starch Company, in accordance with terms and conditions approved by the governor in council, as part of the cost of construction of dikes and other works erected as a

result of the St. Lawrence seaway and power development, to prevent flooding of land owned by the crown and leased to the company, and in lieu of compensation otherwise payable by the crown to the company on cancellation of the lease, $955,048.

Marine services—

690. Nautical services, including Canada's share of the cost of the North Atlantic ice patrol; grants and contributions as detailed in the estimates; rewards for saving life from vessels in distress; subsidy to a salvage company; and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 306 of the Canada Shipping Act—further amount required, $4,880.

Railway and steamship services—

Payments to the Canadian National Railway Company (hereinafter called the company) upon applications approved by the Minister of Transport, made by the company to the Minister of Finance, to be applied by the company in payment of the deficits, certified by the auditors of the company, arising in the operations in the calendar year 1959—further amounts required.

691. Prince Edward Island car ferry and terminals, $825,090.

692. Newfoundland ferry and terminals, $649,886.

693. Construction or acquisition of auto-ferry vessels and equipment—To extend the purposes of vote 415 of the main estimates, 1959-60, to include the vessel detailed in these estimates, $1.

694. Yarmouth, Nova Scotia-Bar Harbor, Maine, U.S.A., ferry service—deficit 1959—further amount required, $63,203.

695. Degaussing Canadian-owned merchant ships of 1,000 gross tons and over, of Canadian registry, or of United Kingdom registry if subject to retransfer to Canadian registry under special intergovernmental arrangement—To extend the purposes of vote 418 of the main estimates, 1959-60, to include Canadian government vessels, $1.

696. Maritime Freight Rates Act—Payments to the railway companies operating in the select territory designated by the act, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway Company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways and in the case of the other railways by the board of transport commissioners for Canada) on all traffic moved during the calendar year 1959—further amount required, $179,500.

697. To authorize the governor in council to grant to Canadian National Railway Company a subsidy of $25,000 per mile, but not exceeding $7,450,000, towards the construction of the line of railway referred to in chapter 49 of the statutes of Canada, 1953-54, as branch line number 1 (described approximately as a line of railway from St. Felicien to Chibougamau and from Chibougamau to Beattyville in the province of Quebec); such grant of subsidy to be made in such manner and in such amounts and subject to such conditions, if any, as the governor in council deems expedient—further amount required, $35,750.

698. Canadian National Railways deficit, 1959—Amount required to provide for payment to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport, made by the national company to the Minister of Finance, and to be applied by the national company in payment of the system deficit (certified by the auditors of the national company) arising in the calendar year 1959 subject to recovery therefrom of accountable advances made to the national company from the consolidated revenue fund, $43,588,290.

Pensions and other benefits—

699. Supplemental pension allowances to former employees of Newfoundland railways, steamships and telecommunication services transferred to Canadian National Railways—further amount required, $11,337.

General—

700. Reimbursement of the Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $221,348.

701. Payment to the lakehead harbour commissioners of an amount equal to the aggregate of the amounts that were collected by the Department of Transport at the harbours of Fort William and Port Arthur, Ontario, as "harbour dues" or "wharfage" during the period from February 1, 1959, to January 14, 1960 (all amounts so collected shall be deemed to have been legally payable if they would have been legally payable had the Lakehead Harbour Commissioners Act not come into force until the 14th day of January, 1960), $25,734.

Air services—telecommunications branch—

702. Radio aids to air and marine navigation—Construction or acquisition of buildings, works, land and equipment—To extend the purposes of vote 427 of the main estimates for 1959-60 to include the construction of works during the current and subsequent fiscal years on Anticosti island on land owned by the Consolidated Paper Corporation Limited, $1.

703. Radio Act and regulations—

Construction or acquisition of buildings, works, land and equipment—further amount required, $50,000.

Civil aviation branch—

704. Construction or acquisition of buildings, works, land and equipment—To extend the purposes of vote 437 of the main estimates, 1959-60, to include construction work on local roads providing access to the new air terminal at Ottawa airport, a contribution to the province of British Columbia in the amount of $22,500 towards construction of a by-pass road at Terrace airport, British Columbia, and authority to charge to that vote the cost of lands purchased, by means of loans provided for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future development of new and existing main terminal airports including facilities for relieving congestion thereat, that are not held for resale, $1.

B—General—

Air transport board—

705. Salaries and other expenses, including the Canadian delegation to the international civil aviation organization—further amount required, $23,300.

Canadian maritime commission—

706. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $1,095,154.

DEPARTMENT OF VETERANS AFFAIRS

707. Prosthetic services—supply, manufacture and administration—further amount required, $106,000.

War veterans allowances and other benefits—

708. Assistance fund (war veterans allowances)—further amount required, $75,000.

Supply—Items Passed

Loans, investments and advances—

External affairs—

709. Additional advance to the working capital fund of the United Nations organization in the amount of $30,230 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars esitmated as of March, 1960, which is, $28,728.

Transport—

710. To increase to $7,000,000 the amount that may be charged at any time to the revolving fund mentioned in subsection (2) of section 101 of the Financial Administration Act, chap. 12, statutes of 1951 (2nd session), and extended by vote 630 of the Appropriation Act No. 2, 1955, and vote 662 of the Appropriation Act No. 5, 1958; additional amount required, $1,000,000.

HOUSE OF COMMONS

Wednesday, March 30, 1960

The house met at 2.30 p.m.

PRIVILEGE

MR. MARTIN (ESSEX EAST)—REPORTED DIFFERENCE IN UNEMPLOYMENT FIGURE

Hon. Paul Martin (Essex East): I rise on a question of privilege. On March 24 I asked the Minister of Labour for the latest available figure of live claims for unemployment insurance benefits, and the figure the minister gave was 783,686. At the time I was concerned about the figure, because it was below that which the minister had given for February 4, 9,314 less.

I see that according to today's Canadian Press story the dominion bureau of statistics gives the figure of the number of people regarded as live claimants as of February 29 as being not 783,686 but 814,200.

Hon. Michael Starr (Minister of Labour): When I gave this figure to the hon. member for Essex East on Thursday, February 24, I stated that there were 783,686 live claims. The bureau of statistics figure is 814,241. The difference is accounted for by the fact that the bureau includes fishermen. The figure I gave the hon. member did not include fishermen.

Mr. Martin (Essex East): May I ask the minister a question? Will the minister say that when he gave the figures in the month of January fishermen were not included? In any case, fishermen out of work are still human beings out of work.

Mr. Starr: I am unable to say whether or not the figure I gave for January included fishermen. I would have to check on that, but I do say that fishermen were not included in the figure I gave for March because they have also been excluded by the unemployment insurance commission from the unplaced applicants' list.

[*Later:*]

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Labour, in the light of the answer he gave to my friend the hon. member for Essex East that fishermen were excluded from the number of those counted as unplaced applicants, whether that means that no attempt is made by the commission to find jobs for fishermen.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, most certainly the national employment service always endeavours to find jobs for people; but if they live in areas where their means of livelihood is fishing some difficulty is experienced in placing these people at work in the winter time, and in occupying them in something they have never done before in their lives.

Mr. Pickersgill: Does the minister mean that no record is kept of the names of those persons?

Mr. Speaker: Order. I think this cross-exchange is more of a debate than a proper question for this time of day. I wonder if the hon. member could not find another time to pursue the matter.

Mr. Pickersgill: With the greatest deference, this point was raised today by the minister, and it is a very urgent matter if it is true that these names are not considered for employment.

Mr. Starr: Mr. Speaker, that is most untrue.

Mr. Pickersgill: I am asking, that is all.

Mr. Starr: In the figures released by the unemployment insurance commission for both the unplaced applicants and the live claimants, fishermen are not shown as part of those figures, but they are included in the figure of the dominion bureau of statistics to which the hon. member for Essex East referred today.

BUSINESS OF THE HOUSE

EASTER ADJOURNMENT

Right Hon. J. G. Diefenbaker (Prime Minister) moved:

That when this house adjourns on Wednesday, April 13, it stand adjourned until Monday, April 25, 1960.

Motion agreed to.

THE BUDGET

TABLING OF BUDGET PAPERS

Hon. Donald M. Fleming (Minister of Finance): I ask leave to table copies in English and in French of the annual budget white paper—and for the convenience of hon. members as well as of subscribers to the

reports of this house I move that the budget white paper be published as an appendix to today's *Votes and Proceedings* and also as an appendix to tomorrow's *Hansard*.

Mr. Speaker: Does that meet with the wish of hon. members?

Some hon. Members: Agreed.

NATIONAL ENERGY BOARD ACT

AMENDMENTS RESPECTING GAS TOLLS AND EXPIRY DATES OF LICENCES

Hon. Gordon Churchill (Minister of Trade and Commerce) moved the first reading of Bill No. S-26 (from the Senate) to amend the National Energy Board Act.

Motion agreed to and bill read the first time.

STARRED QUESTIONS

MAIL CONTRACT, DEER LAKE-NORRIS POINT, NFLD.

Question No. 90—**Mr. Batten:**

1. To what person, or persons, were the latest contracts awarded to carry mail from Deer lake to Norris Point, Newfoundland?
2. What is the amount of each contract?
3. Were these contracts awarded as a result of tenders being called?
4. Who was the previous mail courier and what was the amount of his contract?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, the answers to the four parts of this question are as follows:

1. Charles Theodore Burden and Selby Martin, Bonne Bay.

2. Charles Theodore Burden, $4,000 per year; Selby Martin, $3.75 per trip, four trips per week.

3. Charles Theodore Burden, yes; Selby Martin, no.

4. Stewart Blanchard, Bonne Bay, under temporary arrangements without tenders called, August 17, 1956 to October 1, 1959 at $4,800 per year.

ANNA BADMAN, VANCOUVER—BAIL REFUND

Question No. 91—**Mr. McIlraith:**

1. Did the Minister of National Health and Welfare, the Minister of Justice, the Solicitor General or any other member of the government receive any representation either written or oral urging the government to refund estreated bail to Mrs. Anna Badman of Vancouver?
2. If so, what persons made such representation and in what form?
3. Was any member of parliament directly or indirectly instrumental in presenting any such representation and, if so, what member or members?
4. Was the refund in question recommended by the commissioner of the Royal Canadian Mounted Police or any other member of the force and, if so, by whom?
5. Was the refund in question recommended by any other police officer or any court official?

[Mr. Fleming (Eglinton).]

Hon. Leon Balcer (Solicitor General): Mr. Speaker, this question stands as an order for return, as there is more than one department involved.

Hon. J. W. Pickersgill (Bonavista-Twillingate): On a point of order, Mr. Speaker, I feel that the rights of parliament are being seriously abridged by this practice that is growing up. When starred questions are put on the order paper that is done because hon. members want the answers in the house. By waiting a week these answers could be collected, as they were by the previous government, and given in the house in the spirit of the rules.

Mr. Speaker: Order. Perhaps hon. members will permit me a minute while I find the rule. Standing order 39 (5) reads as follows:

(5) If a question is of such a nature that, in the opinion of the minister who is to furnish the reply, such reply should be in the form of a return, and, during the question period on Wednesday, the minister states that he has no objection to laying such return upon the table of the house, his statement shall, unless otherwise ordered by the house, be deemed an order of the house to that effect and the same shall be entered in the *Votes and Proceedings* as such.

Is it the pleasure of the house that this question 91 should be made an order for return?

Some hon. Members: Agreed.

Mr. Pickersgill: On division.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, with respect may I suggest that this should not be put to a vote of the house. When the hon. gentleman said that another course was followed by the previous government, I think that is just what one might call legislative license. The rule provides, as Your Honour stated, that it is not a matter to be submitted to the house.

Mr. Pickersgill: Mr. Speaker, on a question of personal privilege, the Prime Minister chose to make a personal attack on me—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —and to question my veracity about a matter on which he did not take the trouble to produce any evidence whatsoever. I would say, sir, that from the time these starred questions were provided for under the new rules in 1955, this practice was not followed by the previous administration.

Mr. Speaker: The hon. member has raised this as a question of privilege, and perhaps in so doing has accomplished his intention of making an explanation. I think what was said did not really impute anything improper to the hon. member.

Starred Questions

NUCLEAR REACTOR STATION, WHITESHELL, MAN.

Question No. 92—**Mr. Argue:**

1. Will a nuclear reactor station be built at Whiteshell, Manitoba?
2. If so, will radioactive waste from the nuclear reactor station be deposited in lake Winnipeg or any of its tributaries, or in what other manner will it be disposed of?
3. What precautions will be taken to ensure no radioactive contamination of inhabited areas, the waters and the fish population of lake Winnipeg and its tributaries?
4. Has the government received a petition from the summer residents of the Whiteshell area protesting against the proposed establishment of a nuclear reactor station there?
5. If so, has the government replied to the petition, and what was the content of the reply?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, the answer to the first question is yes, a nuclear reactor station will be built at Whiteshell, Manitoba.

In answer to the second part of the question, all the radioactive waste will be safely stored on the property of the Whiteshell research centre. This will be the same practice that is followed at Chalk River. Radioactive liquids are stored in stainless steel tanks and radioactive solids are stored in special vaults constructed of concrete treated with tar to prevent water moisture from seeping.

In answer to part 3, the same precautions will be taken as have been taken over the years at Chalk River. It is important to realize that the atomic energy control board has jurisdiction over all establishments of this nature, and exercises supervision and control so that no radioactive materials are permitted to endanger the population.

The answer to part 4 is yes.

The answer to part 5 is the same as I have given to these other questions.

FREIGHT RATES—EXTENSION OF ROLLBACK DEADLINE

Question No. 93—**Mr. Robichaud:**

1. Has the Minister of Transport received a telegram from the maritime transportation commission requesting that the rollback of the last 17 per cent freight rate increase be extended beyond the present deadline of July 31?
2. If so: (a) on what date was such a telegram received? (b) on what date was it brought to the attention of the minister? (c) has a reply been made, and of what nature?

Hon. George H. Hees (Minister of Transport): The answer to part 1 is yes.

As to part 2, the telegram was received in my office on March 8 and was brought to my attention on March 16, on which day it was acknowledged with an expression of regret for the delay and with the advice that the matter is now under consideration, and that a decision would be reached before the present reductions terminate.

CHIGNECTO CANAL INVESTIGATION

Question No. 94—**Mr. McWilliam:**

1. Has an investigation been authorized in connection with the construction of the Chignecto canal?
2. If so, when, and by whom is it being conducted?
3. Have any estimates of the cost of a Chignecto canal project been made since June 1, 1957?
4. If so, what is the amount of the estimate?
5. Have any economic studies been made on the feasibility of the construction and operation of a Chignecto canal since June 1, 1957?
6. If so, what is the result of such studies?

Hon. George H. Hees (Minister of Transport): The answer to part 1 is that no outside organizations have been employed specially for this purpose, but both economic and technical aspects have been studied by existing governmental agencies from time to time and are kept under continuing review.

Part 2 is answered by the answer to part 1.

The answer to part 3 is yes.

As to part 4, an estimate prepared by the Department of Public Works in 1958 set the cost at above $138 million. An estimate prepared by a private engineering firm within the last year suggested a cost of about $90 million, but subsequent review has indicated that government agencies concerned would find it difficult to accept technical assumptions made therein.

With regard to parts 5 and 6, various economic studies have been made from time to time, as indicated above, and the matter remains under continuing review, but I am not in a position to comment further on their results at the present time.

PRESS SECRETARY'S POSITION, FINANCE MINISTER'S OFFICE

Question No. 95—**Mr. Godin:**

1. Is there a position in the office of the Minister of Finance for a press secretary or public relations officer or some similar official?
2. If so, what is the precise designation of the position?
3. Has any such position been occupied since June 21, 1957, and, if so, for what period?
4. Was such officer paid a salary from public funds and, if so, under what precise authority?

Hon. Donald M. Fleming (Minister of Finance): The answer to part 1 is yes.

The answer to part 2 is, special assistant to the Minister of Finance.

The answer to part 3 is since September 1, 1958.

The answer to part 4 is yes, under authority of P.C. 1958-14/1200 of August 28, 1958.

Starred Questions

PRESS SECRETARY'S POSITION, PRIME MINISTER'S OFFICE

Question No. 96—**Mr. Godin:**

1. Is there a position in the office of the Prime Minister or the privy council office for a press secretary or public relations officer or some similar official?
2. If so, what is the precise designation of the position?
3. Has any such position been occupied since June 21, 1957, and, if so, for what period?
4. Was such officer paid a salary from public funds and, if so, under what precise authority?

Right Hon. J. G. Diefenbaker (Prime Minister): The answer to part 1 is yes.

The answer to part 2 is information officer 6.

The answer to part 3 is yes, March 1, 1960.

The answer to part 4 is yes, under the authority of a treasury board minute and appropriation acts passed by parliament from time to time.

C.B.C.—CHAIRMAN OF BOARD OF DIRECTORS

Question No. 97—**Mr. Pickersgill:**

1. Is the chairman of the board of directors of the Canadian Broadcasting Corporation a member of the board other than the president?
2. If so, when was such change made and in what manner?
3. On what date was such change or proposed change first brought to the attention of the Minister of National Revenue?
4. What is the specific statutory authority for such change?

Hon. George C. Nowlan (Minister of National Revenue): The answer to part 1 is yes.

The answer to part 2 is that the board of directors at a meeting on June 24, 1959, amended its bylaws to provide that the chairman of the board should be a director other than the president or the vice president. By a subsequent resolution at the same meeting the present chairman of the board, Mr. Robert Dunsmore, was elected as chairman of the board of directors.

I cannot recall, Mr. Speaker, the exact date the matter was brought to my attention; it is a matter of management of the C.B.C. There was no formal communication with me; I think I heard of it a considerable time later.

The answer to part 4 is that the authority is the Broadcasting Act, being chapter 22 of the statutes of Canada, 1958.

EAST SAINT JOHN THERMAL POWER PLANT, N.B.

Question No. 99—**Mr. Robichaud:**

1. Has a request been made to the government of the province of New Brunswick asking for permission to table in the House of Commons the exchange of correspondence between the federal government and the government of the province of New Brunswick, in connection with the East Saint John thermal power plant?

[Mr. Fleming (Eglinton).]

2. If so: (a) on what date was such a request made? (b) has a reply been received? (c) what was the nature of the reply?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the answer to part 1 is yes.

The answer to part 2 (a) is February 10, 1960; (b) yes; (c) the government of New Brunswick has no objection to the tabling of documents which are not of a privileged nature.

EAST SAINT JOHN THERMAL POWER PLANT, N.B.

Question No. 100—**Mr. Robichaud:**

1. Has a request been received from the government of the province of New Brunswick asking for permission to table in the New Brunswick legislature the exchange of correspondence between the New Brunswick government and the federal government, in connection with East Saint John thermal power plant?
2. If so: (a) on what date was such a request received; (b) has a reply been given; (c) what was the nature of the reply?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the answer to part 1 is yes.

The answer to part 2 (a) is February 26, 1960; (b) yes; (c) the government of Canada has no objection to the tabling of documents which are not of a privileged nature, provided the government is informed which documents the provincial government proposes to table.

PORK IMPORTS FROM U.S.

Question No. 84—**Mr. Boulanger:**

1. Since the removal of the embargo, February 8, 1960, against the importation of swine, uncooked pork and uncooked pork products from the United States of America, has any amount of these products been imported?
2. If so, how many pounds?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, the answer to parts 1 and 2 is that statistics will not be available until some time in April. Further, this is a difficult question on which to provide a suitable answer. Perhaps if the hon. member would consult with me about this we might we able to satisfy his requirements.

Mr. Speaker: The question stands as to the remainder.

[*Later:*]

Mr. Speaker: I should like to be sure about the disposition of starred question No. 84 which the Minister of Trade and Commerce answered in part. Is it to stand for revision, or is it to be considered as answered?

Mr. Churchill: It is to be considered as answered, but I pointed out that there is some difficulty in getting the information

and that there will be difficulty even in April. None will be available until April, but there will be some difficulty even then. If the hon. member would like to consult with me perhaps the question might be rephrased.

Mr. Speaker: Answered.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PUBLIC SERVICE RESIGNATIONS

Question No. 265—**Mr. Argue:**

1. How many resignations have been received in each government department or crown corporation in each month of each year since January 1, 1957, from (a) professional personnel; (b) administrative officers?
2. How many vacancies presently exist in each government department or crown corporation for positions to be filled by (a) professional personnel; (b) administrative officers?
3. How long has each of these positions been vacant, what are they, what are the academic qualifications desired in each, and what is the salary to be paid?

Hon. Leon Balcer (Acting Secretary of State): This question should be amended by dropping part 3. Parts 1 and 2 can then be made an order for return.

NATIONAL HARBOURS BOARD, MONTREAL—LAND TRANSACTIONS

Question No. 97—**Mr. Argue:**

1. Has the national harbours board, Montreal, entered into any (a) lease; (b) contract; (c) agreement; (d) rented land, for commercial purposes, since January 1, 1955?
2. If so: (a) what was the date, purpose, and nature of each transaction? (b) what was the name of the firm or persons involved in each, and the nature of the business engaged in by each? (c) what were the terms of each transaction? (d) what was the yearly (i) revenue; (ii) expenditure, received and made by the national harbours board, Montreal, as a result of each transaction?

RAILWAY PASSENGER LINES DISCONTINUED

Question No. 205—**Mr. Boivin:**

How many railway passenger lines have been discontinued in Canada during the last 10 years (a) by the Canadian National Railways, and between what localities; (b) by the Canadian Pacific Railway, and between what localities?

ANNA BADMAN, VANCOUVER—BAIL REFUND

Question No. 91—**Mr. McIlraith:**

1. Did the Minister of National Health and Welfare, the Minister of Justice, the Solicitor General or any other member of the government receive any representation either written or oral urging the government to refund estreated bail to Mrs. Anna Badman of Vancouver?
2. If so, what persons made such representation and in what form?
3. Was any member of parliament directly or indirectly instrumental in presenting any such representation and, if so, what member or members?
4. Was the refund in question recommended by the commissioner of the Royal Canadian Mounted Police or any other member of the force and, if so, by whom?
5. Was the refund in question recommended by any other police officer or any court official?

Hon. Leon Balcer (Acting Secretary of State): Starred question No. 91 should be changed to an order for return.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I want to raise a point of order at this stage. When you called the item of business involving questions to be made orders for returns a list of questions was dealt with, but included in the list read by the Solicitor General was starred question No. 91. My point is that this starred question was dealt with by Your Honour when the house was considering starred questions. Under the applicable rule, which I deem to be standing order 39 (5), there is a limitation expressed in these words, "unless otherwise ordered by the house". Under the order of business, "starred questions", you put starred question No. 91 before the house and the house dealt with it and made it an order for return on division.

Mr. Speaker: That is correct. Starred question No. 91 was dealt with and it would be irregular for the Acting Secretary of State to repeat that number. The other questions mentioned by the Acting Secretary of State stand as orders for returns.

MOTIONS FOR PAPERS

PENITENTIARY EMPLOYEES—REGULATIONS AND CONTRACT

Motion No. 78—**Mr. Regier:**

For a copy of the regulations re administration and contract as given to penitentiary employees.

He said: Mr. Speaker, I wonder whether I wonder whether I could have leave of the house to have the word "contract" changed to "conduct". It is an obvious printer's error.

Motion agreed to.

INQUEST REPORT, JOHN WASLYCHEN

Motion No. 79—**Mr. Regier:**

For a copy of the inquest report relating to cause of death of one John Waslychen, former inmate of the penitentiary at New Westminster.

Motion agreed to.

ANNA BADMAN, VANCOUVER—BAIL REFUND

Motion No. 80—**Mr. McIlraith:**

For a copy of the order in council or minute of treasury board of July 3, 1959, authorizing the refund to Mrs. Anna Badman of bail of $20,000 forfeited by order of the county court of Vancouver on July 18, 1956.

Motions for Papers

Hon. Leon Balcer (Acting Secretary of State): Mr. Speaker, there is no relevant order in council or minute of treasury board on this question but I have here the formal document whereby the governor general exercised the royal prerogative, and I should like to table it herewith.

Mr. Speaker: Subject to the revision suggested by the minister, which I take it is acceptable to the hon. member for Ottawa West—

Mr. McIlraith: Yes.

Mr. Speaker: —is it the pleasure of the house to adopt the motion?

Motion agreed to.

GRANBY AIRPORT

Motion No. 81—**Mr. Boivin:**

For a copy of all letters, telegrams and other documents exchanged between the Department of Transport and the city of Granby, from January 1, 1945 to date, regarding the Granby airport.

Motion agreed to.

D.B.S. QUESTIONNAIRES ON LABOUR FORCE SAMPLING

Motion No. 82—**Mr. Hellyer:**

For a copy of each regular or special questionnaire used by the bureau of statistics during the months of January and February 1960, in respect to its sampling of the Canadian labour force, including its without jobs component.

Hon. Gordon Churchill (Minister of Trade and Commerce): I should like to ask the house to allow this to stand until next week, pending the return of Mr. Duffett, the head of the dominion bureau of statistics, who is out of the country on urgent public business.

Motion stands.

LABOUR CONDITIONS

ELLIOT LAKE—REQUEST FOR REPORT ON VISIT OF MISSION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister whether he is in a position now to make a report to the house on the fact finding committee that visited Elliot Lake a short time ago, and perhaps also on the visit of the Minister of Trade and Commerce to Toronto to deal with the situation in that area.

Right Hon. J. G. Diefenbaker (Prime Minister): I would appreciate it if the hon. gentleman would allow this to stand until tomorrow.

Mr. Pearson: May I ask the Prime Minister a supplementary question. Have any arrangements been made as yet for members of his cabinet, the Minister of Trade and Commerce or the Minister of Labour or both, to visit Elliot Lake?

Mr. Diefenbaker: Mr. Speaker, the date for the visit has not been determined. It should be decided very shortly. It is being considered at the moment.

VANCOUVER—REQUEST FOR ACTION ON UNEMPLOYMENT

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Labour. I do so because of the courtesy of the Minister of Transport and the president of T.C.A. in enabling me to spend two days in Vancouver after three months' absence. On the basis of what I saw there I should like to ask the Minister of Labour, in view of the situation in Vancouver where they now say, in the construction industry and in the fisheries, that they are not in a recession but a state of depression, whether he can inform us what action is being taken, if any, to deal with the unemployment situation in that city.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I am not aware of any such situation in Vancouver as described by the hon. member and have received no representations from anyone in that regard.

[*Later:*]

Mr. Winch: Mr. Speaker, I wish to direct a supplementary question to the Minister of Labour. Did I understand him to say he had received no information whatever about the situation in Vancouver, and has not yet heard that there is not a recession but a depression in the construction industry?

Mr. Speaker: Order. The hon. member is repeating the allegations which he made in his earlier question, to which the minister has already replied.

Mr. Starr: Mr. Speaker, I wish to say something on this, if I may. I assumed that the hon. member was making reference to some special representations in this regard. According to my recollection no such representations have been made.

We all know that in the construction industry not only in British Columbia but across the whole country there are lay-offs during this seasonal period, when construction cannot be carried on in the same way it normally is. Lay-offs have occurred in British Columbia during the winter period not only this year but in previous years, and such lay-offs will probably occur in the future.

Mr. Winch: But I am talking about the present situation—

Mr. Speaker: Order.

COMMONWEALTH RELATIONS

SOUTH AFRICA—REQUEST FOR CANADIAN SUPPORT FOR UN ACTION ON APARTHEID

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister. In view of the reported worsening of the situation in South Africa, with the reported arrest of persons, including Europeans, who belong to political parties that oppose the government's policy of apartheid, is Canada prepared to speak up clearly in support of appropriate action by the United Nations security council?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the house knows Canada is not a member of the security council, and the Canadian government has not adopted a position with regard to the inscription or substance of the item. These are matters for the individual members of the council to determine. So far as Canada's views are concerned in respect of the situation in South Africa, they have been clearly expressed and are completely understood.

I think there is nothing more I can say at this time. The matter is being considered by the security council.

Mr. Argue: If the government is not prepared to go further in the House of Commons, I wonder if I might ask a supplementary question. Has the government made any representations to members of the United Nations security council as to what action should be taken with regard to this urgent matter?

Mr. Diefenbaker: I made that quite clear; the view of the Canadian government is known. The members of the United Nations, on the basis of past experience, do not frequently make representations to members of the security council as to the stand of that body.

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Prime Minister whether the government has received any representations from any other member of the United Nations on this matter.

Mr. Diefenbaker: Now, I cannot say from memory. The minister is not here today, and representations would have been made to him. I will bring that question to his attention.

[*Later:*]

Mr. Diefenbaker: With regard to the question asked by the Leader of the Opposition, I think it was, a few moments ago as to whether there have been any representations from other members of the United Nations with respect to consideration by the security council of the South African question, the answer is that there have not.

NORTHERN AFFAIRS

MAGAZINE ARTICLE CONCERNING CONSTRUCTION OF SCHOOL AT OLD CROW

On the orders of the day:

Mr. Erik Nielsen (Yukon): I should like to direct a question to the Minister of Northern Affairs and National Resources or, in his absence, to the acting minister. Has the minister seen the story in the latest edition of *Time* magazine which contains certain misstatements of fact in respect to the construction of the school being built at Old Crow? Would the minister look into the general allegations made in that article, and particularly the statement to the effect that 40 tons of building supplies are allegedly being flown into Old Crow to finish the school rather than being freighted in by barge?

Hon. D. S. Harkness (Acting Minister of Northern Affairs and National Resources): I have not seen the article to which reference is made, but I shall be glad to bring this matter to the attention of the minister, who will provide an answer as soon as possible.

(Translation):

AGRICULTURE

BUTTER, CHEESE AND SKIM MILK—REQUEST FOR STABILIZATION PRICES

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I should like to put a question to the Minister of Agriculture. In view of the many representations of farmers and various farm organizations for continued support prices on butter and cheese and restored support prices or deficiency payments on milk powder, has the minister any comment to make on this matter?

(Text):

Hon. D. S. Harkness (Minister of Agriculture): As the hon. member very well knows, when the government is ready to make a statement in connection with the support price of dairy products for the following year it will be made. It certainly will not be made in response to a question without notice on orders of the day.

Inquiries of the Ministry

(Translation):

PORK—REPORTED FAILURE TO OBTAIN DEFICIENCY PAYMENTS

On the orders of the day:

Mr. Jean-Paul Racine (Beauce): Has the minister received a petition, bearing the signature of more than 300 farmers, complaining that some business concerns are using the registration and numbers given to farmers in order to obtain deficiency payments on hogs? Does the minister intend to inquire into this matter?

(Text):

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I have not received this communication which is spoken of. However, I can assure the hon. member that the system we have set for making deficiency payments for pigs is such that it will be pretty difficult for people who wish to try to break the law in this matter. Of course bank robberies are taking place every week, and I have no doubt that certain people will attempt to break this law as well as laws against theft and so on. However, I think it would be difficult for them to make much progress along that line.

(Translation):

PORK—REPORTED TRAFFIC IN PERMITS

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): A supplementary question, Mr. Speaker. Has the minister not received complaints that there is a traffic in permits granted to hog breeders in the large market areas?

(Text):

Hon. D. S. Harkness (Minister of Agriculture): No, Mr. Speaker, I have not received any such information.

NOVA SCOTIA—TABLING OF CORRESPONDENCE ON DEFICIENCY PAYMENTS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Agriculture when we may expect the tabling of correspondence between the premier of Nova Scotia and the minister with regard to deficiency payments? The minister will perhaps know that the premier tabled the correspondence in the legislature two weeks ago.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I am not aware of the latter allegations or statements made by the hon. member for Essex East, but as soon as I have received the consent of the province to the tabling of this correspondence I will table it.

[Mr. Harkness.]

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, may I ask a supplementary question. Has the minister asked for that consent yet?

Mr. Harkness: The answer is yes, Mr. Speaker; immediately after the request was made.

IMMIGRATION

IRENE REBRIN—INQUIRY AS TO DEPORTATION

On the orders of the day:

Mr. L. D. Crestohl (Cartier): Mr. Speaker, I would like to direct a question to the Minister of Citizenship and Immigration about the deportation order made against Irene Rebrin. Can the minister inform the house whether this deportation order was made following a regular inquiry by an immigration board, or was it a ministerial order?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, the former is true.

Mr. Crestohl: I would like to direct a supplementary question to the minister. If I understood her reply, she indicated that the deportation order was made following a regular immigration board hearing. If that is so, was an appeal lodged by the person deported?

Mrs. Fairclough: Mr. Speaker, if the hon. member will permit me I will give him a full report on this matter.

INCOME TAX

APPLICATION TO ENTERPRISES CONDUCTED BY RELIGIOUS ORGANIZATIONS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I would like to ask the Minister of National Revenue a question in view of the pending investigation into federal income tax as it affects Hutterite colonies. Can the minister say whether this investigation will also apply to commercial and/or agricultural enterprises operated by other religious organizations in Canada?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I am not sure whether the word "investigation" is the proper word to use, but as a result of representations which have been made about this matter by the hon. member for Acadia, as well as other hon. members of this house, I have asked my department for a full report of the practice which has been followed in the past with respect to the application of the Income Tax Act as regards Hutterites, as well as the practice under the existing law. A complete

study is being made and a memorandum is being prepared on that particular matter.

Mr. Regier: I wonder if the minister would be able to say whether a report is also going to be made as to the application of section 62 to other religious organizations.

Mr. Speaker: Order. I think the hon. member is reviving a matter of previous debate. As I recall his contribution to the debate on the grievance raised recently, that was the point he made there.

Mr. Regier: Mr. Speaker, on a point of order, this question of mine is as the result of a news item, a copy of which the minister has. It is a new development. I am only asking the minister whether the efforts now being undertaken will also apply to other religious organizations, and the minister has not replied.

Mr. Nowlan: Mr. Speaker, studies in my department are being made from time to time of all matters with respect to the application of our taxation laws.

Mr. Argue: A supplementary question. Is this particular study being made in regard to all religious organizations or just one?

Mr. Nowlan: I have answered that question.

REPRESENTATIONS RESPECTING AWAY FROM HOME LIVING EXPENSES

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I wish to direct a question to the Minister of Finance. Has the minister received any representations that the income tax deduction for expenses occurred in the course of employment while living away from home now accorded to construction workers be extended to woodworkers or else cancelled? If so, what type of consideration has he been able to give?

Mr. Speaker: Order. I think the hon. member might defer that question until the budget debate because it refers to matters which are proper subject of budget resolutions.

POWER

COLUMBIA RIVER—INQUIRY AS TO FEDERAL LOAN OFFER

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask the Minister of Finance whether the federal government has offered to loan the province of British Columbia half the cost of the Columbia river power development.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I was asked a similar question yesterday, and I would respectfully refer the hon. gentleman to the answer I gave then.

Mr. Pearson: I asked that question, and the minister said he had not seen the press clipping and that he was not in a position to answer it. I now ask him the question again.

Mr. Fleming (Eglinton): Mr. Speaker, that was not all I said. I also pointed out that a matter of this kind was not appropriate to be dealt with by a short answer on orders of the day.

TRANSPORT

FORT WILLIAM—INQUIRY AS TO AMALGAMATION OF RAILWAY STATION SERVICES

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I would like to direct a question to the Minister of Transport. Is the minister aware of any negotiations being carried on by the Canadian National Railways and the Canadian Pacific Railway toward the amalgamation of railway station services which would eliminate the Canadian National Railways downtown office at Fort William? If not, will the minister give an assurance that if and when such negotiations are initiated he will inform the house?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. I have inquired of the management of the Canadian National Railways, and I am advised that no such negotiations are going on.

DOMINION-PROVINCIAL CONFERENCE

REPORTED STATEMENT BY PREMIER OF ONTARIO RESPECTING ADDITIONAL REVENUE

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I would like to ask a question of the Minister of Finance. In view of Premier Frost's statement yesterday in the Ontario legislature that he proposes to come to Ottawa in July with the firm resolve of getting $100 million more revenue, will the Minister of Finance say whether, in the preparation of the budget which he will be presenting tomorrow night, he will take into account Premier Frost's thirst for justice—

Mr. Speaker: Order. I know all hon. members would like to have an advance view of the budget, but it would be quite improper in my view to draw it out bit by bit in the

way suggested by the hon. member for Essex East. Of course if the hon. member disagrees with the view I take I will be glad to hear him.

Mr. Martin (Essex East): I thank you, Mr. Speaker. However, we differ so rarely that I would not press the matter. Of course I was not asking the Minister of Finance to tell us what is going to be in his budget. I was simply giving him notice. The minister is preoccupied these days and may not have seen what Premier Frost said. I asked the minister whether in the preparation of his speech, which must be engaging his attention very much at this time, he was going to take into account the very deep desire that the premier of Ontario has that justice be recognized by the federal government. I suggest that is not asking for budget details. I am sure my dear friend would welcome—

Mr. Speaker: I am sorry, but I cannot agree that the further refinement to the question which the hon. member has made, alters it.

Mr. Martin (Essex East): On reflection, Mr. Speaker, I agree with you.

INDIAN AFFAIRS

VANCOUVER—STATEMENT ON DEATH OF INDIAN WOMAN

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, last week the hon. member for Vancouver Centre asked me to comment on the reported death of Mrs. Eva Ada Harry while being transported from the Vancouver General hospital to my department's Indian hospital at Sardis, British Columbia. In reply to the question, and to one asked by the hon. member for Gatineau yesterday, I would report as follows.

Mrs. Harry was received in the out-patient department of the Vancouver General hospital on March 9. After it had been diagnosed that she was suffering from tuberculosis, my department's local Indian and northern health services office was asked to arrange treatment, and in the meantime she was taken care of in the infectious diseases section of the hospital.

A vehicle from the Indian hospital at Sardis called for Mrs. Harry at 3.20 p.m. on March 11, removing her on a stretcher. It then called at Shaughnessy hospital for another patient, at which time the driver noticed that Mrs. Harry seemed to have taken a turn for the worse. He returned quickly by way of the Indian and northern health services clinic to the Vancouver General hospital, where death was confirmed a little more than an hour after he had originally called for her.

[Mr. Speaker.]

A coroner's inquest held last week found death to be due to a natural cause. The jury recommended that an ambulance similar to those used in Vancouver should be used in such cases, and that an attendant with first aid qualifications should be with the patient.

It must be remembered that my department requires a type of vehicle which can travel through difficult road conditions, and the vehicle used in this case is particularly well suited for such purposes. It could best be described as a station wagon body on a light truck frame, and is widely used by other agencies facing similar transportation problems where ambulance service has to be provided. For example, I believe the Department of Veterans Affairs and the provincial division of tuberculosis control use similar types, and that the specifications invariably include ambulance-quality springs.

I regret that such an incident should have taken place, and particularly that no qualified attendant was present on this trip. It is the custom of Indian and northern health services to have a first aid man or even a qualified professional officer accompany a patient on a transfer when it has been indicated that the patient's condition warrants such a precaution. In this case as, in all others, however, transfer was made on the basis of a diagnosis by the hospital staff, and there was no indication that the patient's condition would deteriorate so rapidly.

ARTS, LETTERS AND SCIENCES

NATIONAL GALLERY—REQUEST FOR FRENCH COPIES OF EXHIBITION FOLDER

On the orders of the day:

Mr. Alexis Caron (Hull): I wish to address a question to the Minister of Citizenship and Immigration. This morning I received from the national art gallery of Canada a folder prepared in connection with the inaugural exhibition which closes on April 5. This has been printed in English only. Can the minister tell us if copies are available in French?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I really do not know. I will inquire.

HOUSE OF COMMONS

PARLIAMENTARY RESTAURANT—ALBERTA RED LABEL BEEF FOR DINNER

On the orders of the day:

Mr. E. W. Brunsden (Medicine Hat): I wish to address a question to the Minister of Agriculture. The minister is aware that at long last there is in Ottawa today some choice beef, red label beef from Alberta. My question is this. In addition to those we have invited,

will the minister impress upon hon. members from British Columbia, and particularly on the hon. member for Kootenay West, that they attend in the dining room at seven o'clock this evening?

NATIONAL DEFENCE

HONEST JOHN MISSILE—INQUIRY AS TO ATOMIC WARHEAD

On the orders of the day:

Hon. Paul Hellyer (Trinity): I wish to direct a question to the Associate Minister of National Defence. Can the minister advise the house whether the Honest John missiles to be obtained for the Canadian army are to be equipped with atomic warheads?

Hon. Pierre Sevigny (Associate Minister of National Defence): I believe the answer to the hon. member's question was given yesterday by the Minister of National Defence.

Mr. Hellyer: With deference, I do not think the question was answered yesterday, and I wonder if the associate minister will be good enough to answer it.

[*Later:*]

Mr. Hellyer: I have now had a chance to check yesterday's *Hansard,* and since no reference was made to the question previously raised—

Mr. Speaker: Is the hon. member rising to ask a question?

Mr. Hellyer: Yes, Mr. Speaker. In view of the lack of indication yesterday—

Some hon. Members: Question.

Mr. Speaker: Order. The hon. member should be given an opportunity to ask his question.

Mr. Hellyer: Would the Associate Minister of National Defence now advise the house whether or not the Honest John missiles will be equipped with atomic warheads?

Mr. Sevigny: The same answer, Mr. Speaker.

Hon. L. B. Pearson (Leader of the Opposition): Is the minister not aware that this question was not asked yesterday, so how could it have been answered?

An hon. Member: It was dealt with.

Mr. Hellyer: Perhaps the associate minister would take the question as notice and advise the house tomorrow.

Mr. Sevigny: There was a comment made yesterday by the Minister of National Defence concerning this missile. If the hon. member for Trinity wishes to have more information, I will take the question as notice and advise him.

CANADIAN BROADCASTING CORPORATION

AVAILABILITY OF CAPITAL BUDGET TO MEMBERS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Minister of National Revenue when the capital budget of the Canadian Broadcasting Corporation tabled yesterday will become generally available to members.

Hon. George C. Nowlan (Minister of National Revenue): It will be distributed in accordance with the usual practice.

Hon. J. W. Pickersgill (Bonavista-Twillingate): A supplementary question. Can the minister now throw any light on the intentions of the C.B.C. with respect to the Flin Flon area?

Mr. Nowlan: Not at this time, other than to say that the matter is under review and consideration, and that action will be taken at the proper time.

Mr. Pickersgill: Is there any such provision in the capital budget?

Mr. Nowlan: The capital budget has now been tabled.

SPORTS

REQUEST FOR TELEVISION COVERAGE OF U.S. BASEBALL GAMES

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): While we are on the subject of the C.B.C. I have a question for the minister who reports to parliament for that organization. Has the hon. gentleman received from any person, persons or organizations in my constituency a telegram or other communication requesting that consideration should be given to the televising of American baseball games? If so, would he care to comment?

Hon. George C. Nowlan (Minister of National Revenue): I have received many communications from various organizations, labour unions and so on with respect to this matter. I also have one which I can exhibit to the hon. member at this moment. I think most of his constituents, or at least a substantial number, have joined in sending this telegram.

This matter is receiving the attention of the C.B.C., as are all problems which are

presented to the corporation, and in due time the most intelligent decision possible will be made.

Some hon. Members: Read it.

Mr. Speaker: Has the minister leave to table this document?

Some hon. Members: No.

Mr. Pickersgill: I wonder if the minister would have it made an appendix to *Hansard*?

Mr. Nowlan: With the unanimous consent of the house.

Some hon. Members: No.

THE CANADIAN ECONOMY

NATIONAL ENERGY BOARD—INQUIRY AS TO REPORT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wish to address a question to the Minister of Trade and Commerce. Can the minister tell the house whether or not the national energy board has now made its report to the cabinet with its recommendations concerning the export of natural gas.

Hon. Gordon Churchill (Minister of Trade and Commerce): I have nothing further to add to the answers I have been giving to similar questions.

Mr. Argue: Is the minister still of the opinion that the decision of the government on this important question will be announced by the end of this month?

Mr. Churchill: I have not said that at any time. I said the report would be received and a decision reached before the end of this month.

Mr. Argue: When a decision is reached, will it be made public?

Mr. Churchill: The government will announce all matters of policy in due course.

NATIONAL REVENUE

NEWFOUNDLAND—REPORTED LOSS OF INCOME TAX REFUND APPLICATIONS

On the orders of day:

Mr. Azellus Denis (St. Denis): May I direct a question to the Minister of National Revenue. Is the minister aware of the loss of a mail bag containing several hundred applications for refunds on 1958 income tax returns between St. John's, Newfoundland and Ottawa? If so, will he see to it in consultation with the Postmaster General that there is no undue delay about making the proper reimbursement for the people of Newfoundland?

[Mr. Nowlan.]

Hon. George C. Nowlan (Minister of National Revenue): I have not seen the report to which the hon. member refers. I will check on the matter. As I recall it, the hon. member said these were returns for 1958 rather than for 1959—

Some hon. Members: For refunds.

INQUIRIES FOR RETURNS

EAST SAINT JOHN THERMAL PLANT, N.B.—ATLANTIC PROVINCES—NATURAL RESOURCE PROCESSING

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I wish to direct a question to the Acting Secretary of State. Can the minister inform the house why there is such a delay in tabling the documents and exchange of correspondence on the East Saint John thermal plant, as covered by motion No. 9 passed by this house on February 3, some 56 days ago?

Hon. Leon Balcer (Acting Secretary of State): Mr. Speaker, I am sure there is a very good reason for this delay. This will be tabled as soon as possible.

Mr. Robichaud: A supplementary question, Mr. Speaker. Does the minister not know that permission was obtained from the government of New Brunswick over a month ago?

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, while these questions are being asked could I ask the Acting Secretary of State what progress he is making with respect to a return passed by this house pursuant to a question I asked on July 1, 1959, and with respect to which I have already asked him questions more than once in the house?

Mr. Balcer: I am looking it over, Mr. Speaker.

(Translation):

PUBLIC SERVICE

INQUIRY AS TO APPOINTMENT OF QUEEN'S PRINTER

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, may I ask the Acting Secretary of State a question?

Could he tell us if we can look forward to the appointment of a queen's printer in the near future?

Hon. Leon Balcer (Acting Secretary of State): Mr. Speaker, that is a matter of government general policy, and when an appointment is made, the house will be informed.

(Text):

APPROPRIATION ACT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-55, for granting to Her Majesty certain sums of money for the public service of the financial year ending March 31, 1960.

Mr. Pickersgill: Mr. Speaker, is the minister not going to make a speech?

Mr. Fleming (Eglinton): No, Mr. Speaker, I shall follow the time-honoured practice of the house and refrain from making a speech on the second reading of an appropriation bill.

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

TRANS-CANADA HIGHWAY ACT

AMENDMENTS TO EXTEND PERIOD OF PAYMENTS AND INCREASE MAXIMUM EXPENDITURES

The house resumed, from Tuesday, March 29, consideration in committee of the following resolution—Mr. Walker—Mr. Rea in the chair:

That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to extend until March 31, 1964, the period during which contributions or payments may be made to the provinces under the act and to prolong until December 31, 1963, the period in respect to which construction costs may be incurred under this act; and to provide also that the aggregate of all expenditures under the act may be increased to a maximum of four hundred million dollars.

Mr. Granger: Mr. Chairman, yesterday afternoon, at five o'clock, I had reached the point in my remarks where I was talking about the trans-Canada highway in my district. Within the district of Grand Falls-White Bay-Labrador there are 151½ miles of trans-island road. Of this, 18.8 miles are paved; 36.4 miles are graded to trans-Canada standards, and 96.3 miles are ordinary gravel road. The necessity of paving is very apparent. Gravel road will not stand up to heavy traffic and the cost of maintenance is growing with every mile of new road built.

I mention these figures in my district to show, at least in one part of Newfoundland, how small a proportion of the road has either been brought up to trans-Canada highway standards or is finally paved. Since Newfoundland entered confederation I believe about 300 new communities have been linked up by a road system. Those communities, formerly isolated, now have the advantage of having road connections; but there are many other communities yet to be linked and, at the same time, the trans-Canada highway must be completed. The cost of building is very high. But, as I said before, the cost, is even

more burdensome when the cost of maintaining new roads is added to the province's outlay on roads.

Trans-Canada highway is a heavy load for the province to finance. The province of Newfoundland is sparsely populated; the distance between settlements is often very great and the average income is low. Thus far trans-Canada highway has cost the province of Newfoundland approximately $11,500,000. Taking everything into consideration, the number of miles built, the number of miles paved and the number of miles still to be brought up to trans-Canada highway standards, I cannot see how the road can be finished for some years yet. Under the 50-50 formula, my personal opinion is it would take from 10 to 15 years to complete the trans-Canada highway in Newfoundland.

Many tourists are finding new interests in the great new native attractions of Newfoundland, but the need for the completion of the trans-Canada highway stands between the tourists who want to come to Newfoundland and the prosperity of the tourist industry in our province. New adventures in the native attractions of Newfoundland await those who want to see the oldest part of the new world and the newest part of Canada. Money is needed to finish the trans-Canada highway in Newfoundland quickly. In order for the trans-Canada highway in Newfoundland to be finished quickly the old formula must be abandoned and a new, more equitable formula substituted.

It is in the interests of Canada to have the trans-Canada highway finished as quickly as possible. I do hope that the government of today will emulate the government of the past which made transportation the nation's business, and give the completion of the trans-Canada highway the same kind of thinking which created the transcontinental railways.

In conclusion, I should like to quote the following:

We should, and this government does, consider this newest of our provinces—

The speaker was referring to Newfoundland.

—as not a new province in the circle but as something special, something extra, because it can boast of being the oldest and most esteemed colony in the British Empire.

These words, Mr. Speaker, were spoken in this house last year by the present Minister of Public Works. I and all other Newfoundlanders appreciate his sympathy and his interest and we bespeak his making the completion of the trans-Canada highway in Newfoundland his personal responsibility.

Mr. McFarlane: Mr. Chairman, in connection with this resolution before us today, I should like to bring up a few points that should be considered at this time by the Minister of Public Works.

During the past several years we have spent millions on our present trans-Canada highway. Also, we have been building it for over 15 years and it is still far from completion. This has been a major project for a period of over 20 years. Since we can see the completion of the highway in the foreseeable future, we should now have a second trans-Canada highway projected, at least on paper, which would service the populated areas of southern British Columbia.

Several years ago the people of the southern sections of Alberta and of British Columbia formed the southern Alberta trans-Canada highway association and presented their views to the government of Canada. They expressed the urgent need of a through highway across those sections of the provinces. It would serve not only as a tourist attraction but, in an emergency, we would have a through highway not obstructed by ferries and toll bridges on the way.

I should like to impress upon the minister the necessity of supporting financially the early completion of this second highway. A good roads program is now being completed across the centre of the province of British Columbia, and also across the centre of the province of Alberta. It will be an asset to the northern sections of the provinces. It will also be a wonderful assistance in the development of British Columbia; but we must also promote immediately a second road and, of necessity, it will have to be located through my district, and preparations made for feeder lines connecting up with the trans-Canada highway. This southern route should be constructed to meet future demands. The tremendous increase in tourist traffic is demanding more adequate roads. Our travel bureaus, both provincial and federal, are doing a wonderful job but we must support them with good roads.

The provision of better road conditions for the country is supported by boards of trade, chambers of commerce, cities and towns all across the southern section of the western provinces of Alberta and British Columbia. At the present time we are losing millions of dollars every year because of an inadequate highway program, especially across the mountainous sections of our area.

Present development in our area will be greatly enhanced by the initiative of the present government in promoting a second trans-Canada highway across the southern sections of the provinces. It does seem to me that if the federal government could see its way clear to participate in the construction of the southern trans-Canada highway it would be an impetus to the provinces of British Columbia and Alberta and it would hasten the completion of this route. I have been advised that federal funds are being made available to improve the roads in the north, and we are also in a similar position. This matter has been placed by the provincial minister of highways before the federal department but I am advised the discussions have been in general terms. Therefore I should like to specify an early allocation of funds for the southern provincial highways, this, of course, being in addition to the provincial arrangements for a roads to resources program.

At the present time traffic is being diverted from various sections of the roads coming into Canada from the United States and tourists are being requested to use United States highways in preference to roads through Canada. Traffic is taking routes at the present time through the province of British Columbia for part of the way, then going south into the United States at Kingsgate and returning to Canada at Osoyoos and thence to Penticton and onward to our coastal points. If the new route is completed at an early date from Crowsnest through Cranbrook and Creston—I might also mention that at Kimberley, only 20 miles north of Cranbrook, we have the largest lead and zinc mine now operating and in addition a steel mill is being constructed this year—it will be a tremendous tourist attraction and will also give us an all-Canadian route. The major factor is that this is a route that can very easily be kept open all year round. Driving time will be cut in half for through traffic from the eastern and prairie provinces to the coast and for people who come from the eastern and southern states to see our glorious country.

With the advent of trucking operations by our major transportation systems, the Canadian Pacific railway and Canadian National Railways, we have a dire need for a four-lane southern trans-provincial highway to handle the tremendously increased traffic, a highway which will serve not only the people of British Columbia but of all of Canada both industrially and domestically.

Mr. Winch: Mr. Chairman, I want to say a few words on this resolution which has to do with an extension of time and certain payments as far as construction of the trans-Canada highway is concerned. I am, of course, in complete agreement with any extension of time that is required and any additional expenditure of money that is

necessary. But I should like to ask the minister in charge and the government to reconsider the routing of the trans-Canada highway and the question of federal financial responsibility as far as my own city of Vancouver is concerned.

I do not believe the exact situation in Vancouver, the first city of British Columbia and the third by population in Canada, is generally understood. If you look at a map you will see that Vancouver is almost an island. The only way out is through the city of Mission. As far as access to the trans-Canada highway is concerned, Vancouver is almost in the position of being an island.

Until a few years ago when the government came into the picture with respect to the planning and construction of the trans-Canada highway, unless the people of Vancouver went about 60 miles out of their way they had to pay a toll to get out of the city of Vancouver. When the federal government first took part in the planning and financing of the trans-Canada highway the major ingress to and egress from Vancouver was over the Pattullo bridge which was built by the province of British Columbia. The federal government made an arrangement with the provincial government whereby, on the payment of a certain amount of money to the province, the bridge became toll free.

In the great city of Vancouver we are now in this position. We have the Pattullo bridge which by agreement between the federal and provinical authorities is now toll free. However, the Pattullo bridge can no longer handle the traffic originating in the major city of Vancouver and in Burnaby and New Westminster. Therefore the province of British Columbia and the city of Vancouver had to get together on the construction of the Oak street bridge and the Ladner tunnel which are primarily routes leading to the United States although they also lead to the trans-Canada highway.

The federal government has refused to pay any part of the cost of what I maintain are not only international connections between British Columbia and the United States but also routes leading to the trans-Canada highway. People using the Oak street bridge and the Ladner tunnel have to pay tolls, but even with these routes and the toll-free Pattullo bridge traffic from the third largest city of Canada to the trans-Canada highway is so great that the province of British Columbia and the municipalities concerned have had to undertake to construct what is going to be known as the Mann bridge together with all the connecting links. The Mann bridge with all its connecting links from Vancouver, Burnaby, New Westminster, Coquitlam and Burquitlam will be a link connecting directly with the trans-Canada highway. It is my understanding that although it is a direct link between Vancouver and the lower mainland and the trans-Canada highway across the Fraser river, no contribution is being made by the federal government.

On behalf of Vancouver, Burnaby, New Westminster, Coquitlam and Burquitlam, which together make one of the largest communities in Canada, and because of the peculiar circumstance of Vancouver being almost an island, I should like to ask on what basis the federal government will not consider these most necessary highways leading from Vancouver, Burnaby, New Westminster, Burquitlam and Coquitlam over the Fraser river to the trans-Canada highway as being part of the trans-Canada highway. I do not believe there is any other city in the whole of Canada which is in the peculiar situation of Vancouver and its environs in linking up with the trans-Canada highway. It is not that the province, the city and the municipalities involved have only spent a few dollars. In the last few years and taking into consideration the construction commitments made of necessity by the provincial government in order to cross the Fraser river to the trans-Canada highway, millions upon millions of dollars have been spent. If you add the cost of the Oak street bridge, the Ladner tunnel, the new Mann bridge and the necessary approaches, I think I am safe in saying that the total expenditure will not be less than approximately $50 million; I think I am pretty close on that, not less than around $50 million for the approaches, bridges and tunnels. They are all in the city of Vancouver but lead to the international border or tie in with trans-Canada highway.

I understand that the only bridge toward which the federal government has made any contribution was the Pattullo bridge and its approaches. I would, therefore, under this motion, ask the minister if, because of the peculiar situation in the city of Vancouver, it is not possible to apply the same understanding that was reached in connection with one bridge to these new roads and bridges within the city. As a matter of fact, part of my property is being expropriated in order to put a road through, but that does not mean anything. I would ask the minister if, on the basis of Hastings street, Grandview highway, Kingsway, Marine drive, the ingress and egress to trans-Canada highway, there is not some responsibility on the federal government

to make a contribution toward the millions of dollars that have been spent and the more millions to which my province is now committed.

I sincerely hope the minister can advise us as to whether or not an agreement has been reached as to sharing the cost of the Mann bridge over the Fraser river to tie in with the trans-Canada highway, even though it is now completed, and also the cost of the Ladner tunnel.

Mr. Simpson: Mr. Chairman, in speaking to the resolution which is presently before the committee I should like to commence by saying that I am extremely pleased to learn of the extension of the period during which contributions or payments may be made to the provinces in connection with this trans-Canada highway. I am equally pleased to learn that the fund in relation to this project will be increased. At this time, I should like to associate myself with the remarks of the hon. member for Dauphin in which he suggested that funds should be made available for the construction of a second trans-Canada highway route. Other hon. members including the hon. member for Kootenay East have spoken about this second route, and I feel it is a very important question at this time.

I say it is very important in so far as the people in all parts of Canada are concerned. I am certain that plans of this nature would be heartily welcomed by all the citizens of Manitoba. As the members of the committee probably know, the Manitoba government has embarked on a fairly extensive program of highway construction and the improvement of provincial roads in general. Extensive plans have also been made, in conjunction with the federal government, under the roads to resources program. Many of these roads to resources in Manitoba are currently under construction, and others are planned.

Apart from the important effect of providing better road facilities for the people living in some of the northern parts of our province, a second trans-Canada highway would have a number of other important benefits. It would be a great boon, of course, as other members have mentioned, to the tourist trade. It is my opinion that we must have better roads, such as the trans-Canada routes, in order to attract tourists into the general area of the northern part of our province in which these tourist attractions are found. Many of these areas are today only accessible by chartered aircraft, although some scheduled flights are available to certain areas. I think it is very important to have these road links constructed under joint federal-provincial financial arrangements. These roads would bring the tourists into the general area where they could then avail themselves of the roads to resources which are being constructed.

I might mention some of these roads which would lead to tourist attractions, and I am speaking now particularly of the northern part of the province of Manitoba. There are roads leading off No. 10 highway going north to Flin Flon. Some of these roads will open up territory which up until now has only been accessible to people who could fly into the area. We have a road under construction off No. 10 highway in northern Manitoba from Simonhouse to Wekusko. Then, there will be a roadway into the Snow lake mining area. Also planned as an extension of this Wekusko road is a road into the nickel mining area of Thompson, Manitoba. Once this road is constructed as far as Thompson it is not going to be too great a job to continue the road on up to the port of Churchill. Many people believe that a road to Churchill is just a little bit out of the question, but after being up there on many occasions, I can visualize that the seaport of Churchill could easily become one of the major tourist attractions of Canada.

I believe if we can extend plans in the near future for a second trans-Canada highway, regardless of which route of the many which have been suggested is followed, it will bring these tourists into the area on good roads. Then they can, in time, make use of the roads to resources which will be quite accessible. However, for some length of time they will not be as good as the roads that are classified as highways.

There are one or two other things, however, which are just as important in regard to these roads through the northern areas. Just as important as the tourist trade is the fact that once we get these roads into these areas, many of them probably running closely adjacent to railway lines, we believe it will solve another of our great problems, namely the problem of the indiscriminate freight rates which all people in the northern parts of the provinces have to face. I have seen on many occasions through personal experience that the moment a road goes into an area and there is trucking competition down come the freight rates. So that we hope these roads will be planned as quickly as possible to help solve this very great problem.

Apart from the question of freight rates, a lot of the people living in the more populated areas probably do not realize that where there is no competition from other modes of transport there are many other little services which we are not entitled to have. Many of the areas of northern Manitoba are at the present time continually battling to have such

things as free pick-up and delivery service of express and l.c.l. freight, and this all ties in with our railway problems. Although the authorities who have charge of these affairs will not admit it, it is quite evident that once there is this competition from trucking these services are provided, and, as I said before, the freight rates come down.

Mr. Chairman, I would like to suggest briefly to the Minister of Public Works that, despite the fact that there are going to be many briefs presented with regard to just where this second trans-Canada highway should be routed, in Manitoba the route which seems the most feasible is one going northward on No. 10 highway up through the Dauphin area as far north as Flin Flon. I know there are many chambers of commerce, boards of trade and communities in general who are interested in suggesting that consideration should be given to taking a cut-off from No. 10 highway at or near Mafeking, probably going west through the towns of Westgate, Baden, Powell and through to Hudson bay, and then west from there to the Saskatchewan road link.

However, I would like to get back to this previous suggestion that a very good look be taken with regard to the possibility of continuing on No. 10 highway directly to Flin Flon, and then going southwest from there and linking up with the Saskatchewan road system. At the present time the Saskatchewan government are constructing a road going southwest out of Flin Flon under another roads to resources program from Creighton, Saskatchewan, which is adjacent to Flin Flon, going southwest and linking up with the Saskatchewan road system at a point near Smeaton, very close to the city of Prince Albert. I realize there will be many such routes suggested, but I would like to go on record at this time as heartily supporting the proposal that full consideration should be given to a route going north on No. 10 highway directly to Flin Flon, and then using the route which we hope will soon be available going southwest from Flin Flon into Saskatchewan.

I have very few further remarks to make on this resolution. However I would like to say, as has been said before, that we in northern Manitoba have found in talking to tourists that at the present time, with only one road going north, tourists stay for just a week or two and then have to return home along the same route over which they entered the country. I think it would be of tremendous help to them and certainly more attractive if they had the opportunity of coming in along one route and returning home along one or two alternative routes. Favourable consideration to putting through the second trans-Canada highway as I have suggested would aid considerably in those problems before us. The tourist trade is one of our greatest revenues and we should do all we can to encourage it to the fullest extent.

Mr. Walker: Mr. Chairman, may I intervene not to speak in the debate but to move an amendment? I notice that as this item No. 16 appears on page 10 of today's order paper, the word "March" is inserted instead of "May". It is just a printing error, but so that the resolution be correct, it should read "May 31, 1964" instead of "March 31, 1964".

Therefore it would read:

> Resolved, that it is expedient to introduce a measure to amend the Trans-Canada Highway Act to extend until May 31, 1964, the period during which contributions or payments may be made to the provinces under the act—

And so on. Accordingly I move that the resolution be amended by deleting the word "March" in the second line thereof and by substituting therefor the word "May".

The Deputy Chairman: Is the committee agreeable to this change?

Mr. Pickersgill: Could I ask the minister if that is the way it was in the message from the crown?

Mr. Walker: I have not seen the message from the crown, but it has always been, as I understand it, an extension of three years to the day in each instance, and it was that way in the old bill.

Amendment agreed to.

(Translation):

Mr. Bourget: Mr. Chairman, this resolution would extend until December 31, 1963, the period in respect to which construction costs may be incurred under the Trans-Canada Highway Act and would increase to a maximum of $400 million the aggregate of all expenditures under the act.

I do not propose to speak at length on the resolution this afternoon, since I already had occasion to do so last year, when a similar resolution was considered. Besides, on second reading of the bill, we shall have a chance of asking questions about this highway and I hope the Minister of Public Works (Mr. Walker) will not consider them out of order.

However, I want to take this opportunity to tell the minister that, once more, like many others, I was unpleasantly surprised to find that the members of this government had forgotten the promises they made when they

were in the opposition and, had failed to carry out the suggestions they put forward when they were sitting on this side of the house. It seems to me that, after the many criticisms they expressed at the time, we might have expected that the federal government's contribution would be increased in proportion to the building cost of the highway.

I have no intention of mentioning the promises made by the key men of this government, nor all the commitments they made when they were sitting on our side of the house, because my leader, when dealing with the resolution yesterday afternoon, reminded the house of those promises made by the members of the Conservative party.

Mr. Chairman, I also thought that the minister would take this opportunity to tell us that the government intends to call a federal-provincial conference, as the previous government had done in 1955, as a result of which the federal government increased its contribution, with consequent greater activity in the construction of that highway.

The minister has no doubt been informed of the statement made by the president of the Canadian Construction Association who, speaking before members of that association at Calgary, in early January, suggested that a federal-provincial conference should be held this year to consider the national highways problem. He also added that, in his opinion, members present at this important meeting must work in close co-operation with Ottawa and the provinces.

On the other hand, according to the answer given by the Prime Minister (Mr. Diefenbaker) to the hon. member for Assiniboia (Mr. Argue), some time ago, no official talks, so far, have been opened with the provinces in connection with that project. In my view, it is high time such a meeting were called, because two or three western provinces have already completed their highway, and it is desirable that plans be made for the construction of highways that would be in the national interest.

Mr. Chairman, I hope that in replying to the various questions that were put to him the minister will be able to give us more detailed information in this regard.

Mr. Chairman, the trans-Canada highway project, which is of major interest to all provinces of Canada, was launched 11 years ago. All provinces, except Quebec, shared in that project, through which millions of dollars were made available to them by the government of this country.

Now, despite the many representations made by both the former federal government and the present one, the province of Quebec, under the specious pretext of autonomy, invariably refuses to participate, thus causing Quebec people to lose millions of dollars that the province could have spent on the construction of this highway.

Mr. Chairman, I am not a lawyer and furthermore, I do not pretend to be an expert on constitutional law. However, I have consulted a few of my colleagues who are lawyers and they told me that section 92 of the British North America Act, which sets outs the powers of the provinces in different fields—

Mr. Asselin: It is section 10—

Mr. Bourget: Well, in subsection 10 of section 92 of the act, we find this:

> Local works and undertakings other than such as are of the following classes:

Paragraph (a) reads as follows:

> Lines of steam or other ships, railways, canals, telegraphs and other works and undertakings connecting the province with any other or others of the provinces, or extending beyond the limits of the province.

And now, I read paragraph (c):

> Such works as, although wholly situate within the province, are before or after their execution declared by the parliament of Canada to be for the general advantage of Canada or for the advantage of two or more of the provinces.

Now, not being a lawyer, I can hardly interpret the law, but I do not know of a single member who objected to that section. Moreover, I stated reasons why that section did not prejudice the right of our country's government to build a national highway through the provinces. Besides, my hon. friends from the province of Quebec know that on various occasions the most autonomist papers in the province have blamed the Quebec government for its failure to participate in the trans-Canada highway project, one which, they pointed out, in no way affects our rights.

I now ask my friends from the province of Quebec, and more particularly those who are cabinet members this question: "If the Trans-Canada Highway Act is in conflict with the provincial autonomy, why do they not protest to the cabinet, and why do they not tell their fellow members that this legislation is a violation of Quebec's rights as a province?" I ask them to rise today and tell

this house, instead of just accusing us on behalf of the province, of violating the rights of Quebec.

You have been elected in Quebec because you said that you would salvage all the rights that those wicked Liberals had taken away. If that is the case, prove it now. Do not hide behind the curtains. Take your responsibilities.

Mr. Pigeon: We are not afraid, not at all afraid. We have not sat pat for 22 years as you did.

Mr. Denis: You sat down between two stools.

Mr. Bourget: We have seen great repudiations, starting with the great repudiation by their provincial leader in the province of Quebec; but we shall have other occasions to refer to that.

I said that the most nationalist and autonomist newspapers rightfully blamed the government of the province of Quebec—

Mr. Pigeon: The reform.

Mr. Bourget: Many a time, we have heard the late premier, Hon. Maurice Duplessis, and after him, the present premier of our province, as well as the present minister of highways, emphatically state that this project was altogether unacceptable, and incompatible with Quebec autonomy.

Yet it will be remembered that not so long ago the Hon. Paul Sauve stated that autonomy should be forgotten for the time being. He said that an important matter of dollars and cents was involved in that project. I am not the one who said this. It was said by your former leader who for four months recently, was prime minister of the province. And he added, after pointing out that the province of Quebec had built a good portion of the road entirely on its own:

Why should we not get some financial compensation?

And then, quite rightly, he said:

Why should we be dupes?

That is clear, quite clear. I hope my fellow members from the other provinces realize the problem and understand what we mean.

To Mr. Sauve it was not a question of autonomy but of the benefits we might derive therefrom. It was a business matter. That is how he saw the interest of his province.

Mr. Denis: Contracts without tenders.

Mr. Pigeon: With a sob in his voice.

Mr. Bourget: With a sob in his voice Mr. Chairman, if you had heard those people since 1944 when they were talking about autonomy; if you had heard them say on the platform that French Canadians were going to lose their institutions, their language, if we lost autonomy.

I personally heard myself the ex-premier of the province—

Mr. Ricard: Tell us about conscription.

(Text):

The Deputy Chairman: Order. I think the hon. member must realize he is straying away from the subject of the resolution before us.

Mr. Bourget: Thank you very much, Mr. Chairman. I did realize I was straying away but I was invited to do so and sought to comply with the request of my hon. friend.

(Translation):

Mr. Pigeon: You are talking like Jean Lesage. Jean Lesage has no seat.

Mr. Bourget: He shall have one.

Mr. Pigeon: No, he is licked before he starts.

(Text):

The Deputy Chairman: Order. The rules permit only one hon. member at a time to have the floor.

(Translation):

Mr. Bourget: Unfortunately, this is not the policy of Mr. Sauve's successor because since March—and I am talking about the new premier of the province of Quebec, he—

Mr. Denis: That is not so sure.

Mr. Bourget: He stated in the legislature:

If our government did not share in this project—

(Text):

Mr. Walker: Mr. Chairman, on a point of order, I have sat here for 15 minutes because of the respect I hold for the hon. member for Levis but the resolution provides for an extension of the time to complete the three years and makes provision for another $50 million and in no way concerns the province of Quebec which is not participating in the Trans-Canada Highway Act and I therefore respectfully suggest that the hon. member's speech which has been devoted entirely to a discussion of the policies in the province of Quebec is out of order at this time.

The Deputy Chairman: The hon. member realizes that we must confine ourselves to this resolution. As an hon. member of long standing in this chamber I am sure he will appreciate the situation and co-operate with the Chair.

Mr. Bourget: Speaking to the point of order raised by the Minister of Public Works, may I suggest that we are considering a resolution which could mean millions of dollars for the province of Quebec. As hon. members of this committee and representatives of our own province are we not entitled to get a share of the money that is spent?

Mr. Pickersgill: Mr. Chairman, before you make a ruling could I say a word on this point. After all, the trans-Canada highway is offered by the federal government to all ten provinces and not just nine of them. What my hon. friend is seeking to do is to show that it would be in the interests of the people he represents in the county of Levis and the people in the province of Quebec generally to participate with the rest of Canadians in this national program. It seems to me when he is arguing about that matter he is arguing about the very essence of the question.

Mr. Denis: Since the inception of the expenditure of this money for the highway not one foot of road has been built in the province of Quebec, Mr. Chairman—

Mr. Winch: Because of the choice of the Quebec government.

Mr. Denis: Yes, but there are about 50 Conservative members from Quebec and we would like to know if they intend to take advantage of this.

The Deputy Chairman: Order. The Chair does not intend to restrict any hon. member in speaking on anything relevant to this resolution and I think the committee understands that but I hope hon. members will refrain from indulging in what is perhaps best termed a political speech and will stick to the terms of the resolution.

Mr. Denis: This is not a political speech. We are giving facts.

The Deputy Chairman: Order. I recognize the hon. member for Levis.

Mr. Bourget: I hope hon. members will allow me to complete my speech which I shall do in four or five minutes. This afternoon we listened to speeches made by hon. members for Manitoba and British Columbia who I believe mentioned the requests of their provinces and no one rose in his place to stop them from speaking so why should not I be entitled to speak about my own province when this resolution could mean millions of dollars to my province. We are allowed some leeway on a resolution and I think we should be entitled to represent not only the views of Liberal members of parliament but the general views of the population of Quebec.

Mr. Ricard: The Conservative government will settle that.

(Translation):

Mr. Bourget: Sit down.

An hon. Member: The gag, the gag.

Mr. Pigeon: The Bourget gag.

Mr. Bourget: Unfortunately, Mr. Chairman, this is not the policy of the one who has succeeded to the Hon. Mr. Sauve in the legislature, because early in March he stated that if our government had not shared in the project, it was first and foremost because it involved the principle of provincial autonomy. Well, section 92 of the British North America Act, which I quoted earlier, clearly shows that such is not the case—unless I am mistaken in the interpretation of the text. In any case, I have heard no one contradict that fact in the house. If, on the other hand, the province of Quebec did have technical objections to raise, it should have raised them. Now, that project has been going on for 11 years, and the government of the Union Nationale has never, in any way, introduced any proposals or counter-proposals that might have settled that matter definitely.

During this session, about two or three weeks ago, I asked the Minister of Public Works whether the province of Quebec had made any proposals or counter-proposals concerning the trans-Canada highway, and the answer was no.

I have here the record of the debates that took place on that matter in the Quebec legislature early in March.

(Text):

Mr. Browne (St. John's West): Mr. Chairman, would the hon. member permit a question?

Mr. Bourget: Certainly.

Mr. Browne (St. John's West): Is the hon. gentleman criticizing the government of the province of Quebec or the government of Canada?

Mr. Bourget: I am criticizing the government of the province of Quebec.

Mr. Browne (St. John's West): Is that in order here?

Mr. Bourget: Why not?

Mr. Browne (St. John's West): I can answer that, Mr. Chairman, if the hon. member wishes.

Mr. Bourget: Is Quebec in Canada? As representatives of Quebec are we not entitled to speak on behalf of those people? What are hon. members trying to do here, suppress the views of our population?

The Deputy Chairman: Order. The hon. member for Levis has the floor.

Mr. Browne (St. John's West): Mr. Chairman, speaking to the point of order, the hon. gentleman is straying from the resolution under discussion. If the hon. gentleman reads it he will find he is out of order.

Mr. Bourget: Why am I straying? Quebec is part of Canada, is it not? After all, it means millions of dollars for us.

Mr. Spencer: Read the resolution.

Mr. Bourget: I have read the resolution.

Mr. Spencer: The hon. gentleman read the wrong form.

Mr. Bourget: No. That money is voted by the federal government. Quebec is as much entitled as any other province to benefit from the money spent all across the country.

Mr. Spencer: That is for Quebec to decide.

(Translation):

Mr. Bourget: I have here a record of the proceedings when this matter was dealt with in the Quebec legislature early in March, and I find that the provincial minister of highways attempted, probably to confuse things, to give a few reasons to justify the refusal of the province of Quebec to share in the construction of the highway. And among the reasons mentioned by the minister, there is not a single one has to do with provincial autonomy. They deal solely with matters of procedure and details.

May I add, Mr. Chairman, that in the 11 years that this project has been going forward, I have never heard a member of this house, from any party or from any province, complain about the way the federal government had handled the provinces with regard to this scheme. I ask the Minister of Public Works whether, since his appointment as minister, he has received any complaints from the provinces with respect to the treatment they have received from the federal government.

Personally, I had the opportunity, when I was parliamentary assistant to the minister of public works, to travel to western Canada, where I had the pleasure to meet the four provincial ministers of highways, and they all told me that they were fully satisfied with the good relations existing between their respective governments and the federal government with regard to this plan. From what I was told, there appeared to be the highest degree of co-operation in the matter. This shows that similar relations might have existed with the province of Quebec if it had really wanted to share in the plan.

It is quite difficult to figure out exactly how many millions of dollars the people of the province of Quebec are losing because of the stubbornness of their provincial leaders, but on the basis of the total length of the trans-Canada highway, 4,500 miles, excluding the province of Quebec sector—I find that the length of the highway within our province represents about one eleventh of its total length. Well, one eleventh of the $400 million spent on this project by the federal government is $36 million. That is the amount the province of Quebec is now losing in this case.

And that is not all; we hear now of the construction of a highway that would cross Montreal from east to west. There again the province and the city of Montreal stand to lose many million dollars because this highway could certainly be part of the trans-Canada highway.

I realize that under the present legislation, it might be impossible for the province of Quebec to recover the millions it could have obtained, either as payment for sections of the highway previously built between 1928 and 1949, or for other sections of the highway built since 1949 to date. But I believe it would be easy to amend the act, and I am convinced that not one member in this house would object to an amendment that would allow our province to recover its part of the amount spent on the construction of this highway.

This is perhaps the last opportunity the province has to share in this program, and I hope it will not let it go by.

I hope the ministers who represent the province of Quebec in the cabinet, and the other members on the government side will finally realize, as their former leader, the Hon. Mr. Sauve, did so well realize, that we must stop being dupes in our own country.

(Text):

Mr. Winch: I should like to ask the hon. member a question.

Is it not correct that the only reason why Quebec has not received any money under the trans-Canada highway 50 per cent formula is that the government of Quebec would not, up until recently, make an agreement with the federal government to accept any contribution?

Mr. Bourget: That is absolutely right.

Mr. Jones: Mr. Chairman, a few weeks after I was first elected to the House of Commons I was asked to represent the then minister of public works, now the Secretary of State for External Affairs, at the official opening of the Saskatchewan section of the trans-Canada highway, the first section opened in the country. I was very glad to have that honour and privilege, and I am glad to say that since that time I have received many representations advocating the establishment of a second trans-Canada highway from Winnipeg through Saskatoon, Lloydminster, Edmonton and on to the Yellowhead pass. I think it would be of much benefit to the northern areas of our western provinces, and particularly of benefit to the area around Saskatoon.

For many years, of course, there have been persons who have been advocating this project. They have been diligent and untiring in their efforts to achieve acceptance of the proposal for a second trans-Canada highway. Since 1957 I think it is fair to say that activity in this field has increased. Members of parliament all along the route have drawn it to the attention of the government individually and in this house. Saskatoon itself has always been vitally interested in this project.

Shortly after my election I received the first of many representations on this matter sent by the trans-Canada highway system association, Yellowhead group, dated September, 1957. That was followed by representations from the Saskatchewan highway No. 14 association, the Evergreen-Yellowhead route group. Then the board of trade of the city of Saskatoon wrote again in February of this year, both to myself and to the Minister of Public Works, advocating this project. I have also received correspondence from the city of Saskatoon itself as late as February 5 of this year advocating the establishment of this route. The most recent representation came from the trans-Canada highway system association dated March 25. In this representation the president drew attention to a recent announcement made by the Prime Minister regarding the commencement of preliminary discussions to consider the establishment of this second route.

The particular interest of Saskatoon in this problem derives not only from the common interest held by all major centres along this route, but we in Saskatoon believe that the present transportation system serving our city often places us in a very unfavourable position in regard to certain other centres in obtaining competitive rates on the railways.

I spoke on this matter on June 25 last year, as recorded on page 5186 of *Hansard*. If I may refer to what I said then, perhaps it will summarize the situation as far as our city is concerned. At that time I said:

> Agreed charges and competitive rates are growing at a fast rate in western Canada as a whole but they are naturally being applied to those movements where alternative forms of transport offer serious competition to the railways. Saskatoon is too far from the west coast to share the advantages of sea transport via Vancouver, which has brought about some relief in freight rates in British Columbia and Alberta. Rail competition through the United States has led to some agreed charges for centres near the international border but Saskatoon is too far north to benefit from these.
>
> The only effective competition with the railways as far as Saskatoon is concerned is highway transportation and load limits on the highways in the province of Saskatchewan are so low as to prevent this being an effective force. Cities on the trans-Canada highway to the south and others in Alberta and Manitoba where weight limits are higher have benefited considerably from agreed charges resulting from highway competition. Thus, while agreed charges are rapidly bringing lower transport costs to western Canada as a whole, Saskatoon is not sharing these benefits because it is poorly placed for service from competing forms of transport.

Many other hon. members from the western provinces have spoken on this subject and I do not wish to labour it at this time, but I wanted to make clear the particular position of Saskatoon and its interest in the establishment of a second trans-Canada highway. I might say that we from that area were greatly heartened by the announcement made by the Prime Minister, referred to by him again on March 8 of this year as found at page 1839 of *Hansard*, to the effect that preliminary discussions are taking place concerning a northern route in the western provinces. We urge the present Minister of Public Works and the cabinet generally to activate their studies of this problem in order that a resolution may be brought forward at an early date.

Mr. Badanai: Mr. Chairman, the construction of the trans-Canada highway can be compared with great Canadian projects of a magnitude such as that of the transcontinental railway of the nineteenth century, the St. Lawrence seaway, the trans-Canada pipe line and the proposed Saskatchewan dam, projects which required not only faith in the future of Canada and vast sums of money but also an almost visionary concept of what this country

is going to be for future generations to benefit from and to enjoy. I appreciate the privilege of participating in the discussion of this resolution to amend the Trans-Canada Highway Act in order to extend until May 31, 1964 the period during which contributions by way of payments may be made to the provinces under the act and also to increase the amount that may be expended to $400 million. I congratulate the Minister of Public Works for sponsoring the resolution because it will enable those provinces which have not availed themselves of federal government participation in the past to make it possible that the national highway will be completed from Newfoundland to British Columbia.

The Canadian Automobile Association made a submission to the federal government advocating the urgent need of a national highway policy for Canada in order to develop the nation's highways efficiently. In its brief it recommends the convening of a conference with the provincial governments and representatives of the municipalities for the purpose of planning and building a national system of roads.

Automobile transportation, because of its convenience, has brought about much of what we like to call our Canadian independent way of life. It has become so popular that automobile manufacturers, through constant research into which untold millions of dollars have been poured, have far outdistanced the efforts of governments to build adequate roads for these vehicles. In 1890 there was not a single mile of pavement in Canada. In 1958 there were 252,000 miles of roads and highways, 41,000 of which were paved.

As everyone knows or should know, the automobile industry and the many economic enterprises that spring from it have actually become a decisive factor in the production of national wealth. The industry has completely transformed rural as well as urban living. May I point out that one out of every seven persons employed in Canada is now directly or indirectly dependent for his livelihood upon the economic activities related to the automotive industry and highway transportation.

In a survey conducted by the Canadian automobile chamber of commerce it is reported that six of every ten automobile owners use their cars to travel to work or use them in the conduct of their business. The same survey found that nearly seven out of every ten cars were operated by families whose chief wage earner earned less than $3,000 a year. A nation of not quite 18 million people uses for transportation five million vehicles. It can be predicted with reasonable assurance of accuracy that by 1970 ten million vehicles will travel on the roads and highways of Canada, without taking into consideration the millions of tourists who will visit Canada every year. Therefore, at the present rate of highway construction by all three levels of government, construction will fall far behind the requirements for reasonable and adequate provision to accommodate the ever-increasing number of vehicles competing for space on our highways.

It is true that the responsibility for road building and maintenance is established by the British North America Act, but that was done at a time when there were no automobiles. Those days produced no prophets who foretold the advent of the automobile and the evolution of transportation. Therefore there is a substantially good and sufficient reason why the government should consider an amendment to the act to enable the establishment of a highway program based on national need, which program should be second only to defence.

The present Trans-Canada Highway Act was passed in 1949 and established the framework within which the trans-Canada highway is being constructed. Under the act the federal government has made provision for substantial assistance, and the resolution we are discussing now again provides a sum of money and an extension of the time limit. At the same time, certain inequalities are present. This is what I particularly wish to point out to the minister.

Those provincial governments with few construction problems have completed their construction projects under the earlier agreement. Those provincial governments with longer stretches of highway and more difficult construction problems have not completed their projects. Others have not elected to participate in the federal assistance plan. The result has been that those governments which have completed their portions of the highway according to their agreements with the federal government are now deprived of financial aid. In other words the responsibilities for highways in Canada are not sufficiently co-ordinated nor clearly enough understood to justify the hope that a national system of highways, with a uniform construction will materialize.

As pointed out by the Canadian Automobile Association, the federal government should recognize the necessity of a co-ordinated plan. Canada is one of the few major nations of the world that does not have an integrated transportation policy and a national system of highways. The trans-Canada highway could be the starting point for a national

system of highways. The Canadian Automobile Association suggests in their brief that the assistance for access roads which this government implemented last year is a good move but is only a partial answer to the problem.

I should like now to quote what the Canadian tax foundation has to say on its study of taxes and traffic, and which is very pertinent to the subject under discussion:

> Undoubtedly highways have some "national" implications in Canada, just as they have provincial and municipal implications, and these are probably broader than the federal government has been willing to recognize in the past. The Trans-Canada Highway Act and some of the earlier legislation has been in the right direction and more of this type of program should be planned for the future. The "national" implications of highways in Canada are far more intangible than in most other countries—particularly in the United States—and the danger is that they will be valued too low rather than the reverse. We will not truly be a national community until it is possible for the masses of our citizens who own cars to travel the country from coast to coast in comfort and safety during at least the milder times of the year.
>
> Just where the line falls between national effort that will achieve this end and federal assistance to the provinces and municipalities in meeting their normal responsibilities for highways, roads and streets cannot be said categorically, but undoubtedly experience and experiment would produce some workable rules. Wherever the line is drawn it should be consistent with the concept of highway financing set out previously.

The trans-Canada highway does go through the Canadian lakehead but unfortunately the condition of the highway west of Fort William practically to the Manitoba boundary, with the exception of a few stretches, can be described as poor for ordinary traffic and absolutely inadequate for the heavy traffic now resulting from the completion of the St. Lawrence seaway. When a similar resolution was introduced by the former minister of public works I expressed the fear that unless the highway from the lakehead to Winnipeg was considerably improved we were going to lose some of the benefits of the seaway to the cities of Duluth and Superior in the United States. The highway between Duluth and Winnipeg is preferable to our own and they are planning a four-lane highway all the way to the Manitoba boundary.

I advocated that we should not be caught sleeping at the switch, and that we should also plan a four-lane highway to Winnipeg if we are serious about the potential freight movement which the seaway is bound to create. I regret to say that little or nothing has yet been done on this portion of the highway and, consequently, hundreds of tons of freight unloaded from ships at the lakehead have found their way to western Canada via Duluth, Minnesota. A share of the blame for this "do nothing" policy on our trans-Canada highway link between the lakehead and Manitoba properly rests on the Ontario government. However, since the federal government pays a substantial, indeed the major, share of the cost it should also have some say in where the moneys are going to be spent.

Some of the hon. members here know that the provincial government is spending proportionately far more in the eastern parts of the province than in northwestern Ontario. This is a policy which has irritated the people of northwestern Ontario to the point of sparking talk of secession and the formation of a new province. I am not advocating such a move at the present time, but if this neglect continues the people of the northwest corner of the province will undoubtedly ask for a separation in the years ahead when a separate province may be economically feasible.

The lakehead is the natural gateway to the prairie provinces of Manitoba and Saskatchewan. We share their common interests. We are the key to their communication system in which is wrapped up the movement of goods from eastern Canada and overseas, a large portion of which is being carried by motor transport. I believe that a considerable movement of grain may, in the future, be made by motor transport until a pipe line is constructed which will transport wheat from the west in a manner similar to that in which oil is transported by pipe line.

A good trans-Canada highway will also benefit the tourist business, and this means additional millions of dollars coming into this country to help balance the present adverse trade with the United States. Large sums of money have been spent to develop recreational facilities, to develop motels, and for advertising, especially in the United States. But much of these expenditures would be positively wasted if good all-weather highways were not provided. Good roads are an integral part of the tourist industry, just as the development of parks, resort facilities and advertisements in newspapers and magazines.

Motor car travel has a high priority for the Canadian people once provision has been made for the necessities. It is a pattern of life which is characteristic of North America which enjoys the highest standard of living in the world. Canadians are spending an increasingly larger amount of money on touring their own country, especially in places where they know they can rely on good roads. The growing number of car owners in Canada is one of the most spectacular developments of our Canadian way of life since the war. Approximately five million motor vehicles were registered in Canada in 1959, and every car owner becomes a tourist at some period during the calendar year. The federal government collected from the sale of these vehicles

an estimated $500 million, $134 million of which represented the sales and excise taxes. The provinces collected more than $500 million in licence fees and gasoline tax.

I realize also, of course, that the construction of highways is costly, but I venture to say that it does not come anywhere near the amount of revenue received by the federal and provincial governments from various sources directly connected with the automobile industry which provides the source for the tourist dollar. It is a generally accepted fact that the tourist business is the third largest industry in Canada today. It is, therefore, an important factor in the national prosperity as well as the welfare of the community. Someone has said that the tourist trade is Canada's greatest invisible export.

Only wheat and newsprint bring in more money from outside Canada than visitors do. Only newsprint brings in more money from the United States than visitors do. We must give constant consideration to the need for providing good and safe highways in which our trans-Canada highway plays a major role. What needs to be done is to make the trans-Canada highway safer for motor travelling in order to attract United States tourists, such as levelling off the hilly portion of a road where the summit is approached from both sides, straightening dangerous curves and the laying of a good pavement.

It is expected that by next October the new highway around lake Superior will be completed. Nothing would please the people of northwestern Ontario more than to have the Minister of Public Works officiate at the official opening upon the completion of this important link of the trans-Canada highway along the shore of lake Superior from the lakehead to the Soo. This road, which is part of the trans-Canada highway, would open 450 miles of scenic splendour, the unsurpassed beauty of which will defy description unless one is possessed with the endowment of a Dickens or a Longfellow. Unfortunately the road will not be up to standard but it is to be hoped that it will not be as long before it is paved as those other sections of the trans-Canada highway which, though open for several years, are still in very poor condition.

This lakeshore drive is expected to bring in an additional three million tourists annually to northwestern Ontario. This trend was started two years ago by the opening of the Mackinac bridge, the largest suspension bridge in the world. The building of the lake Superior highway, which is designated as part of the trans-Canada highway, has added an attraction to millions of tourists living in the central and west central sections of the United States. This would also place the cities of Fort William and Port Arthur at the head of a transportation system which stretches from Mexico along the Mississippi waterway, into Ontario, the lakehead and Kenora. It opens up countless lakes and rivers for the sportsman who likes to fish pickerel, northern pike and speckled trout, to say nothing of good moose hunting.

A vacation paradise awaits the action of this government and co-operation with the government of the province of Ontario would make it a reality.

Mr. McCleave: Mr. Chairman, I have listened with a great deal of interest to the special pleas put forth on behalf of the Atlantic region, first by the Leader of the Opposition and then by the hon. member for Grand Falls-White Bay-Labrador. While they did present what to my mind are very telling factors in arguing the case of the Atlantic region, I think they also showed themselves to be cursed with remarkably short memories.

What are the sound arguments they did advance before I turn to their short memories? First, the sparse population compared with areas elsewhere, which is particularly true of the province of Newfoundland and Labrador. Second, the lack of tax raising resources in these provinces, which is a fact that has haunted us before and since confederation. But their memories have proved to be remarkably short on the problem of the trans-Canada highway, for I suggest that since the government changed in 1957 we have gone a long way toward meeting the objections that our predecessors raised when the Conservative party was in opposition.

There are two very important measures which have been adopted which go toward meeting these reasonable objections of the hon. members of the opposition. For one thing the Conservative government has taken account of the problems of the Atlantic area in raising taxes for highway building and other public services. I refer to the special grants to the Atlantic provinces of $7.5 million to the three largest provinces and $2.5 million to the province of Prince Edward Island.

Some of this money has undoubtedly been spent on roads, and that fact alone would overcome some of the objections and arguments raised by the Leader of the Opposition and the hon. member from northern Newfoundland. In fact, in the province of Nova Scotia, my own province, we have had the most active road building in history since

the people there in provincial voting followed the proper course which the people in the rest of Canada took in 1957.

But this alone is not the whole story. Very recently agreements were signed to provide $7.5 million to each of those provinces for roads to resources, and this again is of very special benefit to areas where the tax raising potential is not high, and in particular the area of the Atlantic provinces. So that in effect we have met, and I think met very effectively, the objections made by hon. members when they were in opposition which were quoted and read into the record by the Leader of the Opposition when he took part in this debate a day or so ago.

Mr. Pickersgill: Would the hon. member for Halifax permit a question? Is the hon. member for Halifax, as a representative of the Atlantic provinces, satisfied with the contribution the federal government is now making toward the trans-Canada highway?

An hon. Member: That is not a fair question.

Mr. McCleave: I think it is considering the source.

Mr. Monteith (Perth): He was satisfied prior to 1957.

Mr. Pickersgill: I was not.

Mr. McCleave: I suggest that the arguments of the Leader of the Opposition and the hon. member from Newfoundland who preceded me in this debate—doubtless other hon. members from Newfoundland can be expected to follow me—simply show that remorse and repentance can work wonders, particularly when you are in opposition.

I think these points should be made clear, otherwise the people could get the impression that the Atlantic provinces have special needs and special arguments which are not being met. I say that we do have these special needs; we do have these special arguments which were fairly pointed out by the Leader of the Opposition. But I would definitely quarrel with him in the proposal he has made, and I say that the government is not only recognizing those needs but has gone a long, long way toward meeting them. That is something which the hon. members in opposition can well ponder upon before they make this kind of suggestion.

I return briefly to another matter, namely consideration of the trans-Canada highway system. I hope that when the final link is completed from coast to coast some thought will be given to providing additions to it. My own city of Halifax, for example, does not enjoy a position on the trans-Canada highway, but 60 miles of pavement would overcome that difficulty. I think we people in the Atlantic provinces would be better advised to save our arguments on the completion of the first trans-Canada highway to ensure that we are not put in a bad bargaining position should a second trans-Canada highway system be considered or, as I say, additions are made to the first one.

Mr. Howard: On rising to participate in this discussion during the resolution stage, may I say at the outset that I was extremely interested in the proposal made by the Leader of the Opposition and other members of the Liberal party. I would imagine that if the former prime minister, Mr. St. Laurent, is still a member of the Liberal party, he could properly classify himself as a Liberal in a hurry. These new views which the Liberal party has adopted indicate how stimulating is defeat in the promotion of the imagination; except, I may say, that the official opposition is four or five years too late in reaching these conclusions about the deficiency of their proposals concerning the trans-Canada highway when they were in office. However, I will say, also, that the government should now cease the practice of taking something which the Liberal party did when they were in office and extending it a few years. It seems that the Conservative party is not using the grey matter between its ears and is merely content to stumble along continuing what the Liberal party did during its years of office.

In any event, the request indicated in the resolution is acceptable as far as I am concerned. I have some complaints to make about the financial conditions attached to the building of the trans-Canada highway and with regard to certain other matters with which I will deal in a moment. If I may, I will first make reference to the report of the proceedings under the Trans-Canada Highway Act for the fiscal year ending March 31, 1959, which was submitted by the Minister of Public Works to the Governor General, and read a few lines from it. At the top of page 2 it says:

> The progress of construction during the 1958 season was generally satisfactory with most provinces proceeding with the work at an accelerated pace in order to ensure that travel will be possible on a paved road over the entire highway mileage by December, 1960. This may be so in all provinces except Newfoundland—

I ask the minister to consider seriously whether in future reports of this nature he should not be more truthful with regard to the impression he leaves with the general public and with the house. I am quite sure that when this was reported and when it

was compiled the minister knew full well that the trans-Canada highway would not be completed by 1960.

Mr. Walker: On a question of privilege, is the hon. member referring to the fiscal year ending March 31, 1959? Is that the report from which he is reading?

Mr. Howard: That is what I said when I started.

Mr. Walker: That is the answer, then, is it not?

Mr. Howard: It indicates, too, that when this report was made the minister knew full well that the program would not be finished by 1960.

Mr. Walker: A year ago?

Mr. Howard: If the minister does not know that far in advance what he is doing, he should not be in office.

Mr. Walker: The hon. member has a great capacity for insolence, but he will be good enough to understand that I became minister in August 1959, and this report is dated March 31, 1959, not March 31, 1960, and only expresses the provinces' intentions a year ago.

Mr. Howard: It says: "Respectfully submitted, David J. Walker, Minister of Public Works." I assume the hon. member is the person who signed his name to this report. Even if what the minister says is true, and he did not know what he was submitting to the Governor General, that is a sad commentary on the situation, and he is merely putting the blame on one of his colleagues, the former minister, now Secretary of State for External Affairs. One of the two gentlemen is wrong and should be more truthful in the future when these reports are made. Does the hon. gentleman wish to ask a question?

I should like to deal now with this formula of 50 per cent of the cost paid by the federal government plus an additional 40 per cent of 10 per cent of the mileage, and to suggest it should be altered and adjusted in the same way as the initial 50-50 proportion was adjusted when the Liberals were in office. I suggest that such a revision is even more important now than it was in the past, in the light of the fact that some provinces have not completed work on their portions of the highway, and in the light of some of the comments made by the Prime Minister a few days ago about the acceptance of the principle of financial participation in this work.

I suggest that some of the things which should be taken into account in developing a formula more generous than the one we have at the moment are such factors as road building costs, which vary considerably from province to province, the weather, geographical and topographical considerations, labour costs, mileage, the state of the economy of the particular provinces and so on. All of these factors should be taken into account and some increase should be made in the amount of money which the federal government contributes.

As I have mentioned, the difference in mileage between the various provinces is considerable. Prince Edward Island, for example, has only some 71 miles as compared with 1,436 miles in Ontario. Differences of this kind emphasize the necessity of revising the formula upward, taking into account these disparities. Road building costs, too, vary widely from province to province.

Let us consider, for example, the two westernmost provinces, British Columbia, from which I come, and Alberta. In economic terms they are relatively equal. There is not much difference in their ability to pay. However, we know that in British Columbia road building costs, on account of geographical and topographical features, are much higher than they are in Alberta. In British Columbia we have a number of what are called million dollar miles; stretches of highway where, in other words, it costs a million dollars to build one mile of road. That is a cost which has to be reckoned with, and it is met not only in connection with the trans-Canada highway but in the construction of other highways in British Columbia. In Alberta road construction does not cost anywhere near this amount; if costs do run as high as that, it is only for, possibly, a few miles within the Rocky Mountains.

These are factors which should be taken into consideration. I mention the examples of British Columbia and Alberta only because of the comparable economy of the two provinces. But the increased construction difficulties which I have mentioned should be taken into account when determining this particular formula and how it should be developed, in addition to such factors as the economic ability of a province to pay, the per capita income of its population, and so on.

Wage levels in each province should also be taken into consideration. Compare, for instance, the province of Newfoundland with the province of British Columbia. Each province has roughly the same amount of mileage to build, Newfoundland having some 554 miles and British Columbia 568. When we compare the economic factors in the two provinces we immediately realize that economically British Columbia is better able

to build highways than is Newfoundland. This is the most important factor to take into account in adjusting upwards the formula for payment by the federal government to the provinces in finishing the present trans-Canada highway and also when the government gets around to participating in the cost of other highways.

I do not state a flat figure as did my hon. friends in the Liberal party as applying equally to all the maritime provinces and leave that to the statistical people to work out. I say there should be an upward adjustment in the formula and that these are some factors to be taken into consideration in developing a formula. It was wrong to take the position in 1949 that the provinces were equally able to afford to build highways. In its distribution of funds across the nation the government considers the financial situation of the provinces and this same principle should apply in highway building programs.

One province has completed its section of the highway and others are nearing completion. An examination of the table for 1959, for which the present minister apparently is not responsible, indicates that Prince Edward Island has one mile to complete; New Brunswick has 72; Manitoba has 16; Alberta has 6; and Saskatchewan has none. I think we can logically assume that Prince Edward Island, Manitoba and Alberta will soon complete their sections barring unforeseen difficulties. This will mean four provinces will have their share completed, three of them being in western Canada. The hon. member for Saskatoon said there is great interest in western Canada in having a start on a second and northern trans-Canada highway following the completion of federal-provincial arrangements. The longer this is delayed the more will the federal government penalize those provinces which will have completed their share of the present highway.

The Minister of Public Works being new to the cabinet has not had time to visit the places he would like to visit but I extend an invitation to him to make an extensive tour of northern British Columbia and in order that he may fully appreciate the need of a highway system there I suggest he make his visit in the spring and discuss the question with individuals and groups such as city councils. His predecessor did visit northern British Columbia during the election campaign but I am sure the hon. gentleman's mind was preoccupied with matters other than highways on that occasion.

We are given to understand that the Prime Minister is interested in a second trans-Canada highway and indeed made a speech on the subject on a "Nation's Business" telecast on March 3, 1960. I have in my hand the text of this speech where on page 3 we find the words I wish to draw to the attention of the committee. I did not see the telecast but can well imagine the artful emotionalism the Prime Minister would employ on an occasion of this nature when he seeks to convince the people that he believes in something about which he intends to take no action.

Mr. Aiken: Mr. Chairman, on a point of order, the hon. gentleman's remarks are in my submission a direct reflection upon the Prime Minister and should be withdrawn.

Mr. Howard: I believe what I said represented a direct interpretation of the Prime Minister's action as I shall show in a moment. The Prime Minister is capable of manufacturing a tremendous pseudo sincerity to make people believe he wants something in which he is not really too much interested.

Mr. Walker: Mr. Chairman, is that part of the text? Will my hon. friend be good enough at all times to indicate when he is quoting from the Prime Minister's text and when he is inserting his own inimitable nonsense and then we will be clear on the matter. Just say "quote", will you?

Mr. Howard: When my hon. friend says "nonsense" I do not know if he refers to what the Prime Minister said or to what I said. One of the things the Minister of Public Works should learn is humility and he should cultivate the ability to listen.

Mr. Walker: I could learn that from the hon. gentleman who has the floor, could I not?

Mr. Howard: I doubt very much if you could learn anything from anyone. I suggest you should develop the ability to listen and then you would appreciate what I am quoting. If you will pay attention now I will read what the Prime Minister said and I quote—

Mr. Walker: Is this a quote?

Mr. Howard: No, the "quote" is not a part of the quotation but I put it in for your benefit. I am reading from the bottom of page 3. These are the Prime Minister's words:

> We said we would push the trans-Canada highway to completion and then consider a second possible trans-Canada route across the prairies and the Rockies. The main line of the trans-Canada is now being carried to completion in co-operation with the provinces and, indeed, the time is not far off when the achievement of spanning the land mass of the continent by rail 75 years ago will be matched by a first-class automobile road from coast to coast . . .preliminary discussions are taking place concerning the northern route in the western part.

Unless the Prime Minister talks in his sleep we cannot imagine with whom these discussions took place. The hon. gentleman was asked about it on March 8, 1960 by the hon. member for Assiniboia, as reported at page 1839 of *Hansard*. After making reference to the telecast in question the following exchange occurred between the hon. member for Assiniboia and the Prime Minister:

> Mr. Hazen Argue (Assiniboia): Can the Prime Minister say what is the nature of the preliminary discussions, and what progress is being made?
>
> Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the discussions are preliminary; that is their nature, and when we are in the position to go farther than that the house will be made aware of the plans we have in mind.
>
> Mr. Argue: Can the Prime Minister say with what province or provinces he has had those preliminary discussions?
>
> Mr. Diefenbaker: The question of another trans-Canada highway has not been discussed with the provinces particularly.

To whom was the Prime Minister speaking? Did someone write him a letter saying, "Dear John, I think it is about time to make a start on this", or what? Who or what is the other factor that is going to participate, if not the provinces? The four western provinces are affected and have, through the trans-Canada highway association, drawn up a route for the second highway.

The provinces will be the ones who will be determining the route and financing part of it. The Prime Minister says that it has not been discussed with the provinces particularly. I submit this is just wishful comment on the part of the Prime Minister; it is a distortion of something which may be a fact. He may have had discussions with the Minister of Public Works. Before the Minister of Public Works insists upon passage of this resolution—if those discussions have been held—he owes it to the committee to rise in his place and tell us with whom there have been discussions. If he has had discussions with the Prime Minister, he is in duty bound to discharge his ministerial responsibility by telling us about those discussions, and what plans, if any, are being made for the building of a second trans-Canada highway.

If those discussions have not been held—and according to the Prime Minister's comment they have not been held with the provinces—then the Prime Minister should be ashamed of himself because he has misled a great number of people into believing that amendments were to be made during this session to permit the provinces to participate in the building of another trans-Canada highway.

I have letters on file from municipal bodies in the riding of Skeena in northern British Columbia, and I assume the Minister of Public Works has, too, in which they say, following the Prime Minister's telecast, "We understand a second route is going to be proceeded with; can you tell us what it is all about?" There is not any indication in the resolution that there is any second trans-Canada highway route being developed, although it may well be that this is in the minister's mind. I should like to hear from him. Perhaps this may be a good opportunity for the minister to take advantage of the committee stage and tell us what he has in mind.

I think the Prime Minister is only laying the ground work for the next election. He is raising hope now; he will develop it next year and whenever the election is called he will say that discussions have gone on for a number of years and he is almost ready for it.

I submit that so far as western Canada is concerned, a start on a second trans-Canada highway is a must, and a must right now, not two or three years from now, but an indication should be given to the provinces. It should have been given to them already. Perhaps an indication will be given at the conference which will be held later on; but an indication should be given to the provinces that the federal government is willing to participate with them in the building of a second or northerly route.

In northern British Columbia we have quite an interest in a second route and quite an interest in highways of any sort because there are so few of them and what there are, are in bad shape. Of course, this is not the responsibility of the Minister of Public Works. Highways at the moment are a provincial matter. I only wish to relate the need for a second trans-Canada highway and to suggest in general terms the route which that second trans-Canada highway should follow through northern British Columbia.

I think the principle that is established now with the present trans-Canada highway, namely that part of Vancouver island is included in the route, should be applied to the north and to Queen Charlotte islands. The Queen Charlotte islands should be included in the route. The route should run from Prince Rupert and take in Prince George and thence to Jasper.

The Chairman: I have been following the hon. member. I do not wish to be too strict in my ruling but I do not think this resolution has to do with the construction of a second trans-Canada highway. This resolution, which precedes an amendment to the Trans-Canada Highway Act, has to do only with construction of the present highway. To try to relate it to the construction of another

highway would be stretching the point. I think I have given the hon. member some leeway up to now; I would ask his co-operation.

Mr. Howard: Mr. Chairman, I am very pleased at any time to co-operate, and to abide by the rules. I do not know whether you were in the chair when the hon. member for Saskatoon spoke, but his entire speech dealt with a second trans-Canada highway. While the hon. member for Halifax did not deal with a second trans-Canada highway, he did advocate the extension of the present highway into the city of Halifax. I do not want to run foul of the rules but I think, especially since the Prime Minister said on television that we are going to go ahead with it and that this sort of thing was being discussed, I should be permitted to touch on it.

May I submit this for your consideration, sir? At the resolution stage, preceding a money bill, it is my understanding that a member can state his opinions and desires and express the hope that they may later be reflected in the bill. This is what I am attempting to do, express those ideas and opinions and the need for a second trans-Canada highway. I know full well how generous and how receptive the Minister of Public Works is to fresh ideas; perhaps he will incorporate the idea of a second trans-Canada highway into the bill itself.

I am sure, Mr. Chairman, you would not want to be too restrictive and prevent the Minister of Public Works from having the benefit of the suggestions that I put forward; otherwise, he might come in with a bill that covers only half the problem. In any event, I do not intend to go very much farther into the second trans-Canada highway route, except to say there is a tremendous amount of pressure from organizations and people in the central interior section of British Columbia, notably around Kamloops, who are interested and are insisting on this second trans-Canada highway route, once it is developed, proceeding from the prairies out to Jasper, which is on the Alberta-British Columbia border, and then turning from there northward toward Kamloops and connecting with the present trans-Canada highway.

The minister should not listen to those representations because the need for a second trans-Canada highway through British Columbia would be far better served and it would be of far more value to the economy and it would be truly an addition to the present trans-Canada highway if it were to run in an easterly-westerly direction from Jasper, through to Prince Rupert on the coast. I know the Minister of Justice comes from Kamloops and the minister of highways of British Columbia, Mr. Gaglardi, comes from Kamloops. I know there will be tremendous pressure on these two gentlemen to bend, or hook the highway and bring it down into Kamloops. I appeal to the Minister of Public Works to resist this pressure, and to ask his colleague to resist the pressure also, and not to sacrifice the needs of northern British Columbia to the desire that the route go down through Kamloops as a part of the second trans-Canada highway.

If we are going to build a second trans-Canada highway, let us do it now. I suggest also that it should go direct. Generally, this route should run from east to west to Jasper and thence to Prince George and from Prince George to Prince Rupert, and thence on to the Queen Charlotte islands. If the minister agrees with this suggestion, then I should like to say this to him. He is welcome at all times, I am sure, to come to British Columbia and to visit Skeena, but he will be far more than welcome if he announces now that he is going to start to build a second trans-Canada highway and that it will run through Jasper to Prince Rupert. I say to the minister, if he makes the announcement before coming out to visit us he will have a better chance to get back.

Mr. Walker: I appreciate the kind invitation of the hon. member for Skeena. His personality, his good will and his amiability are such that it is difficult for me to refuse the invitation to accept the hospitality which I know would be present if I made a visit to his constituency. Because I appreciate his good humour so much and the natural kindness and charity with which he deals with all subjects, and the lovely, kindly outlook that he has on all problems, may I answer him, just as he asked me to do in order to accommodate him, before making that trip. Of course, he has asked for the pronouncement that we will follow the Prime Minister's telecast and his statement. I say to the hon. member and give him our complete assurance that we will follow the Prime Minister's statement on that telecast. It is the object of the government to do that; it is the plan of the government. The Prime Minister said in that telecast:

> We said that we would push the trans-Canada highway to completion, and then consider a second trans-Canada highway.

That is exactly what we are going to do. We will complete the first trans-Canada highway and then we will consider a second trans-Canada highway. Perhaps my hon. and good-natured friend will just keep his seat until I get through with the explanation. What more could the hon. member expect? If British

Columbia is going to be behind in its work and take much longer than was expected—I am not criticizing British Columbia on that account—and if it is going to be some considerable time before the first trans-Canada highway is completed, and this may apply to other provinces, does my hon. friend expect me to misinterpret the plain language of the Prime Minister's statement to a nation-wide audience that when the trans-Canada highway is completed we will consider a second trans-Canada highway?

A number of hon. members have made magnificent speeches advocating a second trans-Canada highway. The hon. member for Saskatoon, the hon. member for Churchill, the hon. member for Dauphin, the hon. member for Kootenay East and the hon. member for Levis have all suggested a second trans-Canada highway. But let me say this. With all the work still to be done on the first trans-Canada highway, let us put our house in order and complete it first. May I also say that our consideration then will not necessarily cover, as my friend suggests, only a second trans-Canada highway. We will consider a national highway policy when the time comes, something that will encompass more than just another highway, but that date is in the future. I know that the provinces are trying to do their best but if they will even accelerate their best a little more and complete the trans-Canada highway sooner we will then be in a position to go further in our consideration, which is as much as the Prime Minister has said we will do.

Mr. Bourget: I am sorry to interrupt the minister—

Mr. Walker: If the hon. member for Levis will wait, I will only be a moment. When the Prime Minister says that there have been preliminary discussions, may I say that we have literally spent hours with our chief engineers in charge of the trans-Canada highway and with other members of the cabinet in carrying on at great length what could be termed preliminary discussions. However, I want to assure all hon. members who are so enthusiastic that this is not the time to make any pronouncement or even to go further than we have. My hon. friend will appreciate this. May I also say that I appreciate the contributions of hon. members. It shows that they are quite satisfied with the present first trans-Canada highway because there has been little or no criticism of it and most of the speeches have been confined to advocating a second trans-Canada highway. For that, of course, I want to thank hon. members.

Mr. Howard: May I pose a question to the minister? To my knowledge this is the first time that anyone on the government side has said that the government is not going to give any consideration to a second trans-Canada highway until the first one is completed. That is substantially what the minister has said. I am quite sure that those who are interested in the building of a second trans-Canada highway, especially those from the northern parts of British Columbia, Alberta, Saskatchewan and Manitoba, will be most disappointed that the representations they have made up to now have been given no consideration.

Mr. Walker: Apparently my friend cannot understand English because I said, as the Prime Minister himself has said, that we have already had preliminary discussions on the subject.

Mr. Howard: With whom?

Mr. Walker: I have already given that answer.

Mr. Howard: You have had no preliminary discussions with anybody unless you have been talking in your sleep because, as the Prime Minister said, the only people you can have discussions with about the building of such a highway are the provinces and the Prime Minister said that you have not had any discussions.

Mr. Walker: I always consider the source when the hon. member for Skeena sometimes asks questions or makes statements that do not even beget a polite answer. In this instance he does not want to know the truth. He wants to distort anything he hears. Therefore I refuse to waste the time of the house by engaging in a veritable competition with the hon. member.

Mr. Howard: Let me say to my kindly friend that he may refuse to do a lot of things. However, he must appreciate that when he becomes a cabinet minister he is not an entity unto himself and a dictator but rather he is in the hands of the house.

Mr. Walker: Do you still want me to come to Skeena?

Mr. Howard: The minister can come to Skeena anytime. Certainly if he comes at the time of the year when the fishing is good I will make sure that he has the opportunity to go to some of the finest fishing spots in Canada and he will not go home empty-handed.

Mr. Martin (Essex East): He had better come to Essex county.

An hon. Member: Why don't you go fishing right now?

Mr. Howard: I am trying to do a little fishing and find out what the intention of the government is with respect to a second trans-Canada highway but I am getting nowhere. The Prime Minister said in the house, as found on page 1839 of *Hansard:*

> The question of another trans-Canada highway has not been discussed with the provinces particularly.

I do not know whether he means that it has not been discussed with the provinces at all or whether particular provinces have not been included in the discussions. We all know that many of the comments made by the Prime Minister can be taken a number of ways. We are very disappointed and I am sure the people who have made representations are disappointed that nothing is going to happen with respect to a second trans-Canada highway until the first one is completed. I assume that means nothing will happen until the last mile in the last province is completed, whether that be some three years from now as is expected or whether it be five or ten years from now which will mean that the government will have to come back in a few years and ask for another extension.

I suggest to the minister and the government that this is most unfair because the financial formula was not equitable in the first place. The financial formula needs to be revised in order that provinces like Newfoundland will have a better opportunity to participate and finance the building of the road. If the government is going to continue to maintain the same financial formula it is simply penalizing those provinces which because of their geography or their economy have been less able to finance the building of the first trans-Canada highway than other provinces.

I think it is most unwise to ask other provinces to wait until the last mile of the first trans-Canada highway in the last province has been built. It is most unwise not to make other arrangements for financial participation in order to enable these poorer provinces to finish their section of the trans-Canada highway.

Mr. Winch: I should like to ask the minister to comment on the situation I raised with regard to the peculiar situation at Vancouver with respect to access roads and any offers of federal assistance that may have been turned down because of toll highways or toll bridges.

Mr. Pickersgill: Before the minister replies I should also like to put a question to him. I have in my hand an advertisement which appeared in the *Telegram* of St. John's, Newfoundland, on Friday, August 14, 1959. It is headed, "Charter for a New Deal for Newfoundland". In one corner it contains a picture of Mr. Malcolm Hollett, at that time leader of the Progressive Conservative party in Newfoundland, and it also contains the program of the provincial party that was put before the electors in the last provincial election. Point No. 10 is as follows:

> Complete the trans-Canada highway on terms consistent with Newfoundland's needs and capacity to pay.

Then it goes on to say:

> If a proper agreement, one that took due account of Newfoundland's needs and its low capacity to pay, had been entered into by the provincial Liberal government when they came to power 10 years ago the highway across Newfoundland could have been built and fully paved by now. Progressive Conservative leader Malcolm Hollett has talked with the Prime Minister, Mr. Diefenbaker, and with other ministers of the Diefenbaker cabinet, about the impossible position Newfoundland is in under the present trans-Canada highway contract. Mr. Hollett believes that "the Diefenbaker government is prepared to re-negotiate that useless agreement; . . . that the Diefenbaker government is prepared to give sympathetic consideration to the submission that the highway be completed entirely by the federal government."

This was the pledge on which the leader of the Progressive Conservative party in Newfoundland went to the country in August of last year. I realize I would be out of order to recall the circumstances, but hon. members will remember that Mr. Hollett was the express champion of the Prime Minister in connection with an attitude taken by the Prime Minister in this house which was not so popular in Newfoundland. Mr. Hollett is no longer a member of the legislature, although I believe he is still the leader of the Progressive Conservative party in Newfoundland. Mr. Hollett says in this statement:

> Progressive Conservative Leader Malcolm Hollett has talked with the Prime Minister, Mr. Diefenbaker, and with other ministers of the Diefenbaker cabinet, about the impossible position Newfoundland is in under the present trans-Canada highway contract. Mr. Hollett believes "that the Diefenbaker government is prepared to re-negotiate that useless agreement . . . that the Diefenbaker government is prepared to give sympathetic consideration to the submission that the highway be completed entirely by the federal government."

This advertisement appeared on August 14. I do not expect the Minister of Public Works who, at the time this was written, I do not believe was a member of the cabinet, to tell me what actually did take place in these conversations between Mr. Hollett and the Prime Minister. However, I wanted to put this on the record today so the minister would have it before him and have an opportunity to ascertain what did take place in connection with the conversations and to ascertain whether or not Mr. Hollett was right in his contention that the Diefenbaker government

was prepared to re-negotiate this "useless agreement" as Mr. Hollett calls it and, if so, if the Diefenbaker government was prepared to carry out that undertaking given to Mr. Hollett. I put that on the record so that the minister will have an opportunity, when the committee next considers this matter, to give an answer, unless the minister is prepared to give an answer right away.

Mr. Winch: I want on the record an answer to my question.

The Chairman: For the sake of orderly debate, I was going to recognize the hon. member for Parry Sound-Muskoka.

Mr. Winch: The minister was just getting up before the previous hon. member spoke to answer my question about the position of Vancouver.

Mr. Walker: There are only five minutes to go before adjournment, and I could not possibly state the position with respect to Vancouver; I will take half an hour to answer the hon. member.

Mr. Aiken: There are only five minutes before adjournment, but I will try to complete what I want to say in that time. There has been criticism during this debate about the slowness of the province of Ontario in completing its section of the trans-Canada highway. I think it is well recognized that the longest portion of the highway is in the province of Ontario through some of the most rugged country.

I should like to take, for example, the stretch of highway through the eastern Georgian bay area in the neighbourhood of the town of Parry Sound. During the last two years I have watched the progress of this section of the trans-Canada highway, as bridges have been built, sections of the road have been prepared and contracts have been let. The road is making good progress. It has not been easy work, but it has been progressing as rapidly as one could expect in view of the type of territory through which construction is proceeding and the bridges and other works which must be completed. I should like to say, in support of the resolution, that the building of this highway through the eastern Georgian bay area has opened up a tremendous section of the country to development.

A number of hon. members have mentioned the tourist trade that has developed as a result of the building of the trans-Canada highway. This particular section is no exception. As a result of the impetus provided by the building of this highway, the same Minister of Public Works has recently undertaken a dredging job in Key river area which will open up the area for boats and for pleasure craft, to which access is provided by the trans-Canada highway. A few years ago this highway did not go any further north than the village of Britt. Since then, it has been completed, in a partial state, through to Sudbury. This particular section of the highway is of great value in the development of this excellent recreational area. It is not yet completed and further time will be required. It is for this reason that the resolution is greatly appreciated because it does extend the time for completion of this section, in common with all the others that are being completed across the country.

May I call it six o'clock?

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if the leader of the house could possibly indicate the course of business right up to the Easter adjournment?

Mr. Churchill: Yes. We will continue with the business as I outlined last night, that is, we will start with Bill No. S-26, an act to amend the National Energy Board Act. If that is completed we will continue with the resolution that was under discussion today concerning the Trans-Canada Highway Act and the other items of business that I outlined last night.

Mr. Pickersgill: Would the minister mind repeating them, so they would be in the record?

Mr. Churchill: The third item would be the resolution in the name of the minister of northern affairs, which is No. 11 on today's order paper, dealing with the Yukon Act; then after that, a resolution also in his name dealing with the Northwest Territories Act. This will occupy all the time tomorrow. Thursday night is the budget speech. Friday, we start with the resolution in the name of the Minister of Finance dealing with the Federal-Provincial Tax-Sharing Arrangements Act. If that is completed on Friday we will continue with these items I have been talking about now.

Monday, April 4, would normally be a private members' day. I have already had consultations with hon. gentlemen on the other side and I suggested it might be advisable, in order to have a continuous budget debate and complete the budget debate by April 13, to transfer the private members' Monday from April 4 to April 25 so that there will be no loss of time whatsoever. If there is agreement to this course being followed, perhaps an order of the house could issue to

that effect. It would permit us to commence the budget debate on Monday, April 4 and carry it right through for the eight appointed days, ending on April 13 when the house would then rise for the Easter recess.

Mr. Pickersgill: Mr. Speaker, I might say that as far as we are concerned we would be quite agreeable to that arrangement on the understanding that the budget debate would be continuous.

Mr. Herridge: I understand the leader of this party has indicated our agreement to the same arrangement.

Mr. Speaker: Then perhaps this would be the appropriate time for the house to give unanimous consent and order that next Monday, private members' day, be deferred in favour of the budget debate, presumably until the Monday after Easter.

Mr. Pickersgill: Yes, Monday, April 25.

Mr. Speaker: Yes. Does the house agree to that course?

Some hon. Members: Agreed.

It being three minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

JEAN PELLETIER

Question No. 273—**Mr. Boivin:**

1. On March 1, 1960, was Jean Pelletier in the employ of the Canadian Broadcasting Corporation?
2. If so, (a) where; (b) in what capacity; (c) at what salary; (d) during what period?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

I am advised by the Canadian Broadcasting Corporation that they have no one in their employ known specifically as Jean Pelletier. They have on regular staff and among those who are engaged occasionally in programs some persons with the surname of Pelletier, who use a second Christian name coupled with the name of Jean. To properly reply to the question a more specific identification of the individual concerned is required.

79951-0—167½

HOUSE OF COMMONS

Thursday, March 31, 1960

The house met at 2.30 p.m.

SPEECH FROM THE THRONE

ACKNOWLEDGEMENT OF ADDRESS IN REPLY

Mr. Speaker: I have the honour to inform the house that I have received a message from His Excellency the Governor General, signed by his own hand, reading as follows:

Government House, Ottawa
30th March, 1960

Members of the House of Commons:

I have received with great pleasure the address that you have voted in reply to my speech at the opening of parliament. I thank you sincerely for this address.

Georges Vanier

THE ROYAL ASSENT

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

Ottawa, March 30, 1960

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber on Thursday, the 31st March, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
E. Joly de Lotbiniere
Assistant Secretary to the
Governor General

COMMONWEALTH RELATIONS

SOUTH AFRICA—REQUEST FOR EXPRESSION OF ALARM AND DISTRESS

On the orders of day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, having regard to the grave deterioration of the situation in South Africa, I should like to ask the Prime Minister a question. Will he instruct the Canadian representative there to inform the South African government of the alarm and distress of this parliament at political developments which have led to such violence and may lead to anarchy?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am acutely conscious of the deeply held feelings of the house and, indeed, of Canadians generally, over this question and, I need not add, of their abhorrence and mine of discrimination.

The house will be aware, from the statements I have made in this house since the recent disturbances began, of how profoundly the government regrets and deplores the tragic situation which prevails in that country. I should add, too, that the views that have been expressed in this chamber in recent days have been made known to the representative of South Africa in Ottawa, and I do not consider at the moment that any beneficial purpose would be served by doing as suggested by the Leader of the Opposition; for, whatever one's feelings may be, a sense of responsibility demands that we should not act in such a way as to exacerbate the prevailing situation.

HOUSE OF COMMONS

INQUIRY AS TO INTRODUCTION OF VOTING MACHINE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as one member who is very concerned with some of the aspects of the development of automation in modern society, I wish to address a question to the Prime Minister.

In view of the invitation extended to members of the House of Commons by a very prominent British Columbia member of the Progressive Conservative party to attend a demonstration of an electronic roll call machine, given this morning by a representative of the International Roll Call Corporation of Richmond, Virginia, United States of America, will the Prime Minister inform the house whether the government is considering voting arrangements for the House of Commons which will make it unnecessary for members to stand up and be counted?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I may point out that the invitation extended to the hon. gentleman and his acceptance was by a private member, and in no way suggested that the government is considering such voting arrangements. However, this is one subject that might be appropriately discussed by the rules committee when it is set up, for the purpose of ascertaining whether its adoption would accelerate or expedite the proceedings of the house.

I might say to the hon. gentleman, in respect of the last statement, that while it may seem somewhat paradoxical, in the event that this is adopted members while still in a recumbent position will be able to stand up and be counted.

WATER RESOURCES

CHICAGO DIVERSION—INQUIRY AS TO PRESENT POSITION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Secretary of State for External Affairs. Has the minister seen a report in this morning's press concerning the Chicago water diversion and the present position before the foreign affairs committee of the Senate of the United States? Can he tell the house what the position is since the comprehensive statement made by the Prime Minister earlier in this session? Could he tell us what representations, if any, have been made since then, and what is the present position of the matter in so far as Canada is concerned?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, in December of last year Senator Fulbright, chairman of the foreign relations committee of the United States Senate, requested the state department to hold consultations with Canada about this question. These consultations were duly held here about the 12th of January and the whole question was thoroughly canvassed at that time. Later the United States state department evidently made a report to the foreign relations committee of the Senate, and that committee has been sitting in secret, I believe, dealing with the proposed bill.

As I understand it, the report this morning referred to a vote in the Senate committee dealing with the possibility of having witnesses called before that committee. The Canadian position was made very clear during the consultations in January of this year, and there has been no deviation from the strong stand which the government has taken against the proposed diversion.

PENSIONS

RIGHTS OF CANADIANS EMPLOYED ON U.S. BASES IN CANADA

On the orders of the day:

Mr. J. A. McGrath (St. John's East): Mr. Speaker, I have a question for the Secretary of State for External Affairs, notice of which has been given. Does the minister have a statement to make with regard to the pension rights of Canadian nationals employed on United States defence bases in Canada, more particularly with reference to Canadian nationals employed at Pepperrell air force base, St. John's, Newfoundland?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, as hon. members know the hon. member for St. John's East has been very much concerned about this matter. I believe that Pepperrell air base is in his constituency.

The house will recognize that this is a matter between the United States government on the one hand and the individual Canadian employees on the other. Nevertheless, in accordance with the undertaking given by the Prime Minister on April 15, 1959, officials of my department have been discussing this matter informally with the United States embassy. I am pleased to inform the house that yesterday afternoon I received a letter from the United States ambassador which reads as follows:

> Recently there have been informal conversations between members of the embassy and officials of the Department of External Affairs regarding the pension rights of Canadians employed at United States military bases in Canada.
>
> In this regard, I am pleased to inform you that it has been determined that those Canadians who are permanently employed, as defined by United States civil service regulations, by United States forces in Canada are entitled to the benefits of the United States civil service retirement act. A survey to determine the exact number of Canadians so entitled is now being made, and the payroll deductions and employer contributions required by the act will be initiated.
>
> As you know, the number of employees at Pepperrell air force base will be reduced this summer, and I am particularly gratified that the permanent employees there who qualify for retirement because of age and length of service will be afforded certain benefits even though they made no contribution to a retirement fund in the past.
>
> Those employees whose positions are defined as "indefinite" are not entitled to benefits under the United States civil service act, but our department of defence is seeking to find suitable means to provide a retirement system for them. To this end, it is contemplated that the appropriate Canadian authorities will be approached in the near future so that certain technical questions involved may be examined.

INCOME TAX

DEDUCTIBILITY OF CONTRIBUTIONS TO MORAL REARMAMENT

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to ask the Minister of National Revenue a question. Is the minister aware that a pamphlet entitled "Ideology and Coexistence" was recently distributed by mail throughout Canada and that it has printed in it a statement to the effect that cheques payable to Moral Rearmament are deductible for income tax purposes? On what grounds is this deduction allowed?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I was not aware of this matter until the hon. member sent me notice of his question across the floor of the house a few moments ago. As he undoubtedly knows, there are scores and scores of organizations which have been classified as charitable under the Income Tax Act which comply with the principles of the common law as they have been enunciated in the leading cases before the privy council over two centuries ago. I presume this is a case which follows those principles, but I will check into the matter.

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—REQUEST FOR ACKNOWLEDGEMENT OF RIGHTS UNDER UNION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, on this the 11th anniversary of the union of Newfoundland with Canada, I should like to ask the Prime Minister if the government would not mark the anniversary by acknowledging the constitutional rights of Newfoundland under the terms of union, which the government repudiated a year ago.

Mr. Speaker: I am not sure whether that was a patriotic speech or a partisan speech, but in any event it does not seem to be a question asking for information.

Mr. Pickersgill: I am asking the Prime Minister to reverse a position taken in this house, sir, and it is a question seeking information.

NATIONAL DEFENCE

BOMARC MISSILE—REPORTED REDUCTION IN PROGRAM AND SUSPENSION OF TESTS

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Associate Minister of National Defence. Can the minister now confirm a Washington report that the Bomarc program has been reduced to ten bases, eight in the United States and two in Canada?

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, this question was clearly explained in the house by the Minister of National Defence. There is nothing I can add to what the minister said in this house on Monday and Tuesday.

Mr. Hellyer: Mr. Speaker, two or three days ago the minister was merely asked to comment on a report and he said he did not know whether or not it was official. My question is—

Mr. Speaker: Order.

Some hon. Members: Sit down.

Mr. Speaker: Order. What the hon. member for Trinity is doing is complaining, shall I say, about the answer he has just had. It is contrary to the practice of the house to permit complaints about the character of an answer that is received. It is within the discretion of the ministry to give such answers as they see fit, so if the hon. member has any question to ask—

Mr. Hellyer: Perhaps the minister would answer a supplementary question for me. Could he tell me how many of the ten bases will be equipped with Bomarc A missile and how many will be equipped with the Bomarc B?

Mr. Sevigny: There again, this information was given to this house by the Minister of National Defence on Tuesday.

Mr. Rodolphe Leduc (Gatineau): I should like to direct a question to the Associate Minister of National Defence. Is there any truth in this morning's newspaper statement from Cape Canaveral to the effect that tests on the Bomarc B have been suspended indefinitely?

Mr. Speaker: I do not like to be too meticulous, but the hon. member is simply asking whether a newspaper report is true. If answers are to be given to questions of that kind, there is no limit to the newspaper reports that could be brought in and the time of the house taken in attempting to verify their truth or otherwise. It has long been established that that type of question is not permissible. If the hon. member wants to know some fact about Bomarc tests he should ask about that fact, and if it is something within the administrative responsibility of the minister then the question can be asked.

Mr. G. J. McIlraith (Ottawa West): I should like to put a supplementary question on the same point, based on the report from Cape Canaveral contained in *Le Devoir* this morning. My question is, in the United States-Canada joint program on the Bomarc missile, has the development test work been discontinued?

Mr. Sevigny: May I ask the hon. member to repeat his question? I am sorry; I could not hear.

Mr. McIlraith: My question was whether or not development test work on the Bomarc B missile had been discontinued.

Mr. Sevigny: The hon. member for Ottawa West is quoting from a press report which is purely speculative.

Mr. Martin (Essex East): He is not quoting.

Inquiries of the Ministry

HONEST JOHN MISSILE—STATEMENT ON INQUIRY AS TO ATOMIC WARHEAD

On the orders of the day:

Hon. Paul Hellyer (Trinity): I wonder if the minister is in a position to answer today the question of which he took notice yesterday.

Hon. Pierre Sevigny (Associate Minister of National Defence): I can tell the hon. member in reply to the question he asked yesterday that the Honest John rocket is capable of being equipped with either an atomic or a conventional warhead.

Mr. Hellyer: A supplementary question. Can the minister tell us whether it is the intention of the Canadian government to equip it with the atomic warhead?

Mr. Sevigny: I have nothing to report on that matter.

INDUSTRIAL RELATIONS

REQUEST FOR CALLING OF MEETING OF STANDING COMMITTEE

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to address a question to the hon. member for Danforth, the chairman of the committee on industrial relations.

Mr. Fleming (Eglinton): Order. You cannot ask the chairman of a committee.

Mr. Benidickson: I wonder whether the hon. member would have an early meeting of the industrial relations committee called to consider my motion, which was reserved, in connection with the possibility of meeting to improve the statistical methods of measuring unemployment.

Mr. Speaker: Order. While it is appropriate to raise matters relating to the business of the house I question whether the house decides the time and place of committee meetings. Once a matter has been referred to a committee, it then lies with the committee itself or its chairman to determine when it will meet. I may be wrong in that understanding. If any hon. member can give me any assistance on the point I shall be glad to have it. However, that is my recollection of the situation that is involved in the hon. member's question.

Hon. Paul Martin (Essex East): Mr. Speaker, may I speak to the point about which Your Honour has asked for some expression of opinion. I refer Your Honour to standing order 39(1) which states as follows:

[Mr. Martin (Essex East).]

Questions may be placed on the order paper seeking information from ministers of the crown relating to public affairs—

We recognize of course that the hon. member to whom this question is directed has not yet been invited to join the government. The citation continues:

—and from other members, relating to any bill, motion, or other public matter connected with the business of the house, in which such members may be concerned—

I may say to Your Honour that I solicited the view of officers of this house, in whom Your Honour would have great confidence, as to the procedure in this matter. If Your Honour definitely takes the view that he is not of our opinion, perhaps Your Honour would withhold final judgment pending consultation with your trusted officers. But I assure you that was done and that the course the hon. member has taken is the only one available. Weeks have elapsed since this committee has met. There is no way outside this chamber by which members of the committee can themselves take steps to have the committee convoked; the hon. member for Kenora-Rainy River, I submit to you with confidence, under standing order 39(1) has taken the only course that is open to him under our procedures.

Mr. Speaker: I have doubt about whether this is business of the house. That is the point I raised. It is business that the house has referred to a committee. But without determining the point of order which I myself raised, I shall allow the question to be asked at this time, and I shall give consideration to the question for a future occasion.

Mr. Benidickson: Shall I repeat the question, Mr. Speaker? I sent the hon. member notice of this. I think the hon. member for Danforth is familiar with the question.

Mr. R. H. Small (Danforth): Ordinarily, Mr. Speaker, I would take the question as notice and answer it on the terms of reference on which the committee has been set up. All that can be handled by that committee must be directed from the house. To date we have had no direction.

Mr. Martin (Essex East): Speaking on the point of order, may I say that what the hon. member has just said—

Mr. Fleming (Eglinton): There is no point of order now.

Mr. Speaker: There is no point of order unless the hon. member is raising one.

Mr. Martin (Essex East): Yes, Mr. Speaker, I am raising one. The answer the hon.

member has given is not an answer to the question. He is now making the very ruling which Your Honour alone has the right to make. I submit that the hon. member has not the right to do that.

Mr. Speaker: I permitted the question. I have nothing to do with the terms of the reply. The hon. member must take the answer that is given.

Mr. Benidickson: May I say a word on a matter of privilege?

Some hon. Members: No.

Mr. Benidickson: The motion upon which I had assurance from the committee was a motion within the rules, and many precedents are provided for it. It was a motion that the committee seek authority from the House of Commons to have this item of business referred to it, because the committee had nothing else to do.

Mr. Speaker: I think that is scarcely a matter of privilege.

(Translation):

ADMINISTRATION OF JUSTICE

INQUIRY AS TO IDENTITY OF PRISONER IN MONTREAL JAIL

On the orders of the day:

Mr. J. J. Martel (Chapleau): Mr. Speaker, I should like to put a question to the Minister of Citizenship and Immigration. Could the minister tell us if her department has launched an inquiry, or is considering such action in order to establish whether one Anna Chisholm, who is now being held in a Montreal jail, is the Russian princess Anastasia Romanova, as she claims to be, according to a report in *La Presse* of March 29?

(Text):

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Since the person to whom the hon. member has referred has been in Canada, I understand, for many, many years, the question of her identity is scarcely one which would fall within the jurisdiction of my department.

IMMIGRATION

QUEBEC—REPORTED DELAY IN CLEARANCE OF MONTREAL-BOUND PASSENGERS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I wish to address a question to the Minister of Citizenship and Immigration and ask her whether a firm decision has been taken by the department in connection with the inconvenience and delay which is alleged in a report in the Montreal press, due to customs clearance at Quebec of passengers bound for Montreal.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I think the hon. member made a slip of the tongue. I am sure he did not mean to say "customs clearance".

Mr. Chevrier: I am sorry; I meant in connection with immigration.

Mrs. Fairclough: I am afraid I cannot give a satisfactory answer to that question at the moment. The co-operation of the companies concerned has been sought, but I have no information other than what I read in the morning papers.

Mr. Chevrier: Has the department taken a decision as to whether it will be necessary to delay passengers bound for Montreal for a period of eight to ten hours at Quebec?

Mrs. Fairclough: There is no indication that there will be any such delay.

[*Later:*]

Mr. Chevrier: I wish to direct a supplementary question to the Minister of Citizenship and Immigration. Will there be undue delay at the immigration offices in Quebec to passengers bound for Montreal, following the opening of navigation?

Mrs. Fairclough: That is a difficult question to answer. It depends on what is meant by delay, taking into consideration the length of time it has taken under another system and what it would now take to examine these passengers elsewhere, and so on. I do not think I can give a specific answer.

Mr. Chevrier: I think that is a reasonable reply, but could I ask the minister to make a statement on this matter when she has further information in connection with it?

Mrs. Fairclough: I shall be very glad to do that.

ROYAL CANADIAN AIR FORCE

REPORTED INTENTION TO REDUCE OVERSEAS DIVISION

On the orders of the day:

Hon. Paul Hellyer (Trinity): I wish to address a question to the Associate Minister of National Defence. Can the minister inform the house whether the government plans to disband one third of the R.C.A.F. division overseas when the supersonic F-104 goes into service?

Hon. Pierre Sevigny (Associate Minister of National Defence): First of all may I be permitted to make a correction in the answer I gave to the second question asked by the hon. member for Trinity today. The Minister of National Defence made comments on

the hon. member's question on Monday and not on Tuesday, as I inadvertently stated.

In answer to the question which has just been asked by the hon. member for Trinity, may I tell him that the report which appeared in the press this morning is purely speculative, and that there is nothing to report on this matter at the present time.

AIR TRANSPORT

REPORTED CHARGE BY MINISTER OF ASSOCIATION MONOPOLY

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I wish to direct a question to the Minister of Transport, based on the announcement by the president of the Canadian air industries transport association that an emergency meeting of the association is to be called in April in order to consider the minister's charge that this association or its members are interested in maintaining a monopoly. Is the minister giving any consideration to elaborating his anti-monopolist views at this particular meeting when it is held?

Hon. George H. Hees (Minister of Transport): No, Mr. Speaker.

NATIONAL ENERGY BOARD ACT

AMENDMENTS RESPECTING GAS TOLLS AND EXPIRY DATES OF LICENCES

Hon. Gordon Churchill (Minister of Trade and Commerce) moved the second reading of Bill No. S-26, to amend the National Energy Board Act.

He said: In directing the attention of the house to this important bill amending the National Energy Board Act, I think it is only appropriate that I should make some explanation as to why this measure comes before us at this time.

Mr. Speaker: Order. Would the minister allow me to intervene for a moment for the purpose of securing attention? I know that some hon. members leave the house at this time when orders of the day are reached, but would they kindly do so as rapidly as possible; otherwise it delays our getting on with the proceedings.

Mr. Churchill: I was saying that it would be appropriate to make an explanation as to why this bill is brought forward at this time rather than earlier, and I should like to do so at this stage in order that there may be no misunderstanding. I do not want anyone to think there is any hidden motive behind our action in bringing forward at this particular time a bill which is of some urgency in relation to the conduct of the affairs of the national energy board, and which affects a number of business enterprises in Canada. I know that no one in the House of Commons will make any reference to alleged default on the part of officials. The responsibility for delay in connection with this bill is mine and mine alone, and I have no intention of shifting it on to the shoulders of anyone else.

The national energy board drew my attention quite some time ago to the fact that in view of the number of applications for the export of gas which were coming to their attention it would be almost impossible to deal with the export licences in respect of electricity. There are 20 companies which have annual licences to export electricity from Canada. I recognized the fact that the energy board would be unusually busy in January, February and March, and consequently accepted their suggestion and had an amendment drawn to the National Energy Board Act which would permit these annual licences to be carried forward for a further period during which the board would be able to perform its proper function of having public hearings and considering each application on its merits, and either extending the licences again for one year, as has been done in the past, or for some further period.

That amendment was ready and I had intended to bring it to the house in the first week of February. In the interval the board, having been organized and having had an opportunity to study the act with greater care, suggested that there were other amendments which perhaps might be brought forward at this session of parliament. Consideration was given to these suggestions, and then it appeared that some of the proposed amendments would involve considerable discussion; and when it was obvious that the energy board was fully occupied with its gas export hearings I decided about the middle of February that we would be in a position to accept only one amendment in addition to the one I have already mentioned, and that is a small amendment to section 61 of the act which strikes out certain words.

Everything went all right up to that point, and there was still plenty of time to redraft the bill and bring it before the House of Commons; but somewhere at that stage there was a lapse of some sort. I have not bothered to fully investigate exactly what happened, but obviously I had not given clear instructions or the matter would have been dealt with. When I found out by the first of March that the bill was not available to the house I took immediate steps to rectify the error.

That, Mr. Speaker, is the sum and substance of the explanation for the delay in bringing this measure before the house. I repeat that I accept full responsibility for it,

and I regret that the house is being asked to consider rather hurriedly a measure of this sort. On the other hand, the two amendments which are brought to the attention of the house are not such as to cause any great disturbance to people who are familiar, as hon. members of this house are, with the National Energy Board Act, which occupied the attention of this house for nine days last session.

There is no general principle in this bill, and in the second reading debate I find I am in the position of having to continue the discussion as though we were in committee, but I see no way around it because I want now to explain the two amendments for the benefit of hon. members.

The first amendment is to section 61 of the act. This section occasioned considerable difficulty to our drafting committee last year and to the House of Commons in consideration of it, and when the energy board examined it very carefully they found that the words which I am now suggesting be struck out of the section rather limited their powers. Section 61 as it stands in the act reads as follows:

> 61. Where the gas transmitted by a company through its pipe line from any place within a province to any place outside the province is the property of the company, such proportion as the board may fix of the differential between the amount paid by the company for the gas and the amount for which the gas is sold by the company shall for the purposes of this part be deemed to be a toll charged by the company to the purchaser for the transmission thereof.

It is suggested that the phrase "from any place within a province to any place outside the province" should be struck out. We are dealing here, of course, with pipe line companies which cross interprovincial boundaries and therefore come within the jurisdiction of parliament and under the National Energy Board Act, and may be dealt with by the energy board.

Mr. Chevrier: Would the minister permit a question here? Does the statement he has made indicate that a pipe line which operates exclusively within a province is outside the scope of the bill?

Mr. Churchill: Yes, a pipe line operating exclusively within a province, picking up gas within that province and selling it within that province, does not come within the jurisdiction of the national energy board; but a pipe line which transports that gas outside the province, that crosses a provincial boundary, does come within the jurisdiction of the board.

This section which gives the board power to determine tolls is a section which the board will now be considering during the next few months when the companies operating have placed before them their rate structures and the board faces the very difficult chore of determining how to apply this section and determine the tolls. However, last year we discussed this in the House of Commons, and the whole problem of the toll-setting capacity of the board is not under question at this moment. This amendment simply clarifies the issue and in the opinion of the board will make it easier for them to perform their task. Striking out these words does not give the board any powers it does not already have. The deletion of this phrase makes for clarification of the section.

The second amendment comes about because, as I mentioned earlier, licences to export electricity have been annual licences. Those licenses were issued under the Exportation of Power and Fluids and Importation of Gas Act, which was discontinued when the National Energy Board Act came into effect, and the former act has lapsed. The energy board has to exercise the same care with regard to the export of electricity as it does with regard to oil and gas. It must review these licences to export and determine whether or not the licences shall be continued and for what length of time.

These licences have been renewed annually virtually automatically. This has put the companies in the position of having to come to the department year after year to have their licences renewed. Although I have not examined the record that carefully, I do not know of any instance in which one of these licences was discontinued.

When we reach the committee stage I am prepared to give the committee a list of the 20 companies that are affected and the amount of electricity which is exported. I would just say at this stage that these annual licences to export electricity have been in effect since 1907 with regard to some companies and since 1924 with regard to those companies that are exporting the largest amounts of electricity. What we are asking for in this amendment, then, is permission to extend these licences until December 31, 1961, unless they are dealt with at an earlier period.

That date was selected merely as a matter of convenience. The energy board might deal with these electricity problems within the next twelve months, but as a precautionary measure we thought an extra few months might be allowed. Because public hearings have to be conducted, and because the energy board is new and has many serious problems before it and may have other difficult matters to deal with in connection with oil and gas, we thought an extension of time beyond twelve months would be acceptable.

That constitutes the basis of this bill. They are two small amendments in size but important in character which do not materially alter the power of the national energy board. They are introduced simply to make the task of the energy board somewhat easier and to protect the interests of those 20 companies which have the privilege of exporting electricity.

When we reach the committee stage I shall be prepared to make an explanation of the third clause if anyone so desires. At this stage I would simply say that this clause does not alter the practice which has prevailed in the past with regard to setting in a date when there is uncertainty as to when a bill will receive royal assent. If anyone desires further information, that may be given when we reach the committee stage.

I simply conclude by asking the house to use its good judgment in this matter, as it will. I have endeavoured to give an explanation of the delay imposed, and I express my regrets that this house is asked to consider this particular bill with a rather urgent deadline facing it. I am quite prepared to accept from hon. gentlemen opposite any suggestions for the future. Hon. gentlemen opposite who have had experience—and some of them have had great experience—in the preparation of legislation for the House of Commons will appreciate some of the difficulties that face those who have that task. They fully understand that unexpected delays may occur when legislation is being processed through the various important stages that must be followed before it is brought to the House of Commons in its finished and printed form. I commend to the house the amendments proposed.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in moving second reading of this bill the minister has characterized it as an important one, though he added that he did not think there was any question of general principle involved in these amendments. We agree with him in the first statement; it is an important bill. We do not agree with him in the second, because we think there is an important question of principle involved in the first of the amendments.

In being asked to consider this bill on second reading this afternoon, Mr. Speaker, we are faced with an extraordinary situation which the minister himself has admitted. It is not necessary to look for any hidden motive to explain our bewilderment at the procedure which has been followed by the government in this matter. Indeed, Mr. Speaker, we are now in one of those confused and unsatisfactory parliamentary situations into which this government has a genius for getting.

The minister said that some of us on this side of the house have had a good deal of experience with the preparation of parliamentary legislation. That is true, Mr. Speaker; but none of us has ever had any experience of the situation in regard to parliamentary legislation which faces us this afternoon. The procedure being followed is not only confused, it is a striking example of the violation of the rights of this house. It is also an ignoring of the interests of the provinces of this country in a matter which has real interest and perhaps great importance for them, as indeed was recognized in the other place. This afternoon we are witnessing a quite extraordinary procedure. It is an example, I think, of a violation of the rights and the dignity of this house and of the interests of the provinces.

The government knew at the beginning of this session that 20 licences for the export of power would expire on March 31 of this year, that is today, unless legislation were passed by this parliament to extend those permits. As a matter of fact, such legislation was announced in the speech from the throne in the middle of January in the following terms:

> An amendment will also be proposed to the National Energy Board Act authorizing the temporary extension of the licences for the export of electricity until the board can conclude its urgent business on export of gas.

Notwithstanding this announcement in the speech from the throne, nothing has been done since that time so far as this house is concerned, and this House of Commons is now asked to approve this important bill today, before six o'clock—no, Mr. Speaker, before 5.45 p.m., as we learned a few moments ago—to approve this bill, if it sees fit, in all its stages or else compel 20 Canadian companies to break the law of this land. This is a strange way to carry on the business of government, Mr. Speaker. The minister who is responsible for this measure must take, as indeed he has taken, full responsibility for it. It is an appalling example of muddle, confusion and inefficiency.

In case the house does not approve this bill in all its stages today the government has, of course, included a clause which the minister mentioned, namely clause 3. Though he said it was an ordinary clause in legislation of this kind it is in our opinion really fantastic. Let me read this clause:

> Sections 1 and 2 shall come into force on the day this act is assented to, except that if that day is after the 30th day of March, 1960—

And we are in the 31st day now.

—section 2 shall be deemed to have come into force on the 30th day of March, 1960.

This, Mr. Speaker, is a provision for indemnification by law for breaking the law before the crime has been committed. The minister has indicated that when we get into the committee stage on this bill he will give us further detailed information on matters of this kind. I shall be very interested to receive information about any legislation where a clause of this kind has been introduced for indemnification, not after the crime has been committed but before the crime has been committed. If this bill is approved parliament says to these 20 Canadian companies, "You may break the law of Canada if you like and we will fix you up after the crime has been committed", because that is the purpose of clause 3. Perhaps I can put it in another and somewhat more theological way. In essence it is this: "We will give you prior absolution for the sins we are forcing you to commit". Surely, Mr. Speaker, that is carrying the bill of rights a little too far. So we on this side feel that this particular clause or any such provision is most undesirable and to be strongly condemned in legislation of this kind.

So far as clause 2 is concerned, the minister has put us in the position where we must approve it this afternoon before 5.45 or put the companies concerned in a position where they would suffer most grievous prejudice through no fault of their own but solely because of the carelessness and inefficiency of the minister and the government.

I was glad to hear the minister say there is no shelter to be found behind any official for negligence in this matter. An explanation has already been given elsewhere that this is the reason for the delay. That was not accepted elsewhere, and of course it would not be accepted here. A minister, as the minister has already stated, must take the responsibility for every act of every official in his department. Any other course would be not only unconstitutional but cowardly.

Mr. Churchill: Will the Leader of the Opposition permit a question? Will he make it quite clear that I was not the one who gave the other explanation in the other place?

Mr. Pearson: I will be glad to make it quite clear. The minister was not mentioned at all in the other place in connection with this matter, and there was no suggestion in the evidence I read concerning what happened in the other place that the minister had anything whatever to do with this explanation.

What are the consequences if these licences are not renewed today, in other words if the bill is not passed before 5.45 p.m. today? Well, either an international incident would arise with the country receiving the power, which in every case would be the United States of America, or these companies will have to go on exporting power and in doing so would be breaking the law at least temporarily until their action was legalized by a later passage of this bill. If either of these two results should occur the minister and the government alone would be responsible for that situation.

We have no desire, Mr. Speaker, to be accessories to this kind of crime. We do not want to cause, even indirectly, an international incident of the kind I have suggested, or force any Canadian company into illegality. That is why we are quite prepared to take the minister off the hook and, if necessary, suspend the rules of the house in order to repair a serious mistake which has certainly been made.

But we are prepared to do this, Mr. Speaker, only on one specific condition. We ask the minister to undertake that when the bill reaches the committee stage he will drop clause 1 of the bill for later and more careful and exhaustive consideration. Clause 1 is the clause which deals with tolls for the transmission of gas. The minister has indicated the purport and importance of that clause which in our view does embody a very important question of principle affecting not only this parliament but the provinces. Clause 1, as the minister pointed out, would enable the energy board to fix tolls for transmission of gas within a province.

Mr. Churchill: Only in respect of a line that carries on beyond the province.

Mr. Pearson: I appreciate what the minister has said; only in respect of companies as described in the bill, companies engaged in interprovincial or international traffic. But notwithstanding that, in our view this clause does raise important constitutional and policy questions, and we are certainly not prepared to approve it without the most careful, complete and adequate consideration. It is intolerable and an affront to parliament that we should be asked to do so.

Notwithstanding what the minister has said, we on this side are not sure if it is within the jurisdiction of parliament to enact such a provision, if it is within the powers of parliament. I know the argument the minister has mentioned, and I know there have been constitutional cases dealing with this matter, the most important of which is the Winner case in New Brunswick. However, according to my understanding of that case it does not in every respect embody exactly

the same principles as this bill. It was a case that went to the privy council in London and on which judgment was given by Lord Porter, but irrespective of that particular judgment and the validity that it may have for all time in cases of that kind or, indeed, the effect it might have on analogous cases, the fact is that what we are doing here is enshrining in legislation a decision of that kind. We have great doubts, Mr. Speaker, whether such an important step is advisable and sound as a matter of policy, and certainly we do not accept for a minute that it should be done in this hasty and ill-considered way.

Moreover, Mr. Speaker, we feel that the failure of the minister and the government to consult with the provinces on the matter is open to strong condemnation. It is my information that the bill first came before the other place only a week ago today, and that it was considered again on Tuesday evening of this week. Today is Thursday, and I understand that only on Tuesday evening was the bill sent to the provinces for their examination. The provinces were informed by air mail special delivery, not even by telegram, through letters sent to them not by anybody representing the government but by the clerk of a committee of the other place. That is a very strange procedure indeed to follow on a matter of such concern to the provinces.

If clause 1 were to be approved the national energy board might be involved in the fixation of tolls at the local level. Surely, therefore, before we are asked to approve it the provinces not only should be properly informed about the bill but, if they so desire, they should be given the opportunity to present their views concerning it to parliament.

The provinces were treated in matters of this kind with more courtesy and consideration under the former government. In a similar case, when the bill on international rivers improvements was considered by parliament in 1955, the bill was sent well in advance to the provincial governments, which were given the opportunity to present any views they might have concerning the matter before the standing committee on external affairs.

Surely, Mr. Speaker, the same procedure should be followed in connection with this bill today. If this particular clause were sent to a committee, it would not only give the provinces an opportunity to be heard but it would enable members of this house to hear the officers of the Department of Justice concerning the constitutional basis for this provision, and also to hear members of the national energy board on the need and advisability of such a provision being enacted at this particular moment.

I ask the minister, what is the particular hurry to amend this clause at this time? What argument can be brought forward against our proposal that this particular clause should be dropped when we get to the committee stage? Then it should be possible to pass the only clause which is of an emergency nature. We would thereby avoid either having to make a snap decision on a constitutional principle of political and economic importance or force companies in this country into breaking the law.

I do not propose at this stage to say anything more about the substance of this amendment. May I sum it up by saying that if the government, at the appropriate time, is prepared to drop clause 1 of the bill, which would make clause 3 unnecessary, we are quite ready to do what we can to ensure that clause 2 of the bill, which is the one that must be passed today, should be passed today.

We believe that clause 1 should be referred to a standing committee. If the government is not willing to accept this course of action, which we think is most reasonable and is put forward as a way out of this difficulty, then I tell the minister that if his bill cannot be approved today by the house because there has been insufficient time for consideration of it, and because there has been no time for provincial views to be heard on it, the government will have to take full responsibility for that unfortunate result and for forcing these Canadian companies into illegality.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the Minister of Trade and Commerce has said that by inadvertence or oversight on his part he has placed the House of Commons in a very difficult situation at this time. One can appreciate that it is possible for anyone to make a mistake, and this is what the minister confesses to us he has done. Nevertheless, since the minister is a member of the government, and since the government is responsible to parliament, whether it has been a mistake of inadvertence or oversight it has a very serious result in that the government, by this means is holding a gun to the head of the House of Commons and is saying to members of the opposition, in effect, "If you exercise your prerogative, your right and your duty of discussing the bill before the house and looking into its effects as it is constituted, thereby carrying the discussion beyond six o'clock, then the responsibility for the dire results that will flow therefrom is yours".

This is a situation, Mr. Speaker, that has been brought about by a government which in the past, when its members were in opposition, has been very vocal about the rights of parliament. This bill comes from the other place of this house. It was discussed in the other place. As I am sure you would expect, sir, and as the minister would expect, hon. members interested in the bill have read the debates in the other place. Members in the other place have shown great impatience and have been sharp in their criticism of the delay in bringing this bill forward. We might have had an opportunity of dealing with the bill in this house at a somewhat earlier stage if the members of the other place were not on such short time. Some of these members might be compared to our T-to-T members in this house, about whom we have heard a great deal, and these extended week ends have not been conducive to an early consideration of this bill there and a resultant earlier consideration in this house.

I believe the points that have been raised by the Leader of the Opposition have been very well put and deserve the consideration of the government. I should like at this time to associate myself and the members of the C.C.F. group with the request that the first clause of the bill be withdrawn, and that we proceed to the discussion and consideration of clause 2 as expeditiously as possible. This would allow the government to withdraw clause 3, and we would have a very simple bill before the house which would make it possible for members of parliament, while protesting, to correct the error that the Minister of Trade and Commerce himself has admitted to the house.

I want to make it quite clear, however, that we are very much in support of the national energy board having adequate power so far as tolls are concerned on gas going through interprovincial pipe lines. We are not certain, however, that this amendment is necessary to achieve that purpose. We have not had it explained to us in a fashion that convinces us that this is correct. We certainly do not condone, and we would oppose, any undertaking by the government which would mean the exercise of prerogatives we feel properly belong to provincial governments or provincial companies operating within a province, whether they be private companies or publicly owned companies.

I should like some further explanation as to whether this clause, in its present form, would put power in the hands of the national energy board to, in fact, control the business operations of a company like the Saskatchewan Power Corporation, which obtains all its gas supplies in the province of Alberta and therefore must bring the gas through pipe lines which go across interprovincial boundaries. This gas is sold exclusively within the borders of Saskatchewan. I do not believe the minister would wish the national energy board to be setting the policy of the Saskatchewan Power Corporation as that policy affects business which is strictly a provincial concern and is not the concern of the national energy board.

Clause 3, apparently, is considered necessary by the minister because of the possibility that this legislation may not become law prior to the expiry of the licences that are involved. I think this is a very bad clause. I believe the practice of making any law retroactive is something that should be followed only in extreme circumstances. I can remember how members of the present government, when in opposition, complained so loudly about taxation by radio when a former minister of finance announced a certain policy over the radio and said he was going to have parliament brought into session in order to make this policy effective at midnight of the night he was making this announcement.

I think this is an even more repugnant proceeding in that parliament is in session. In spite of parliament being in session we are asked, as the Leader of the Opposition has stated, to take steps which would allow companies to break the law and would give them absolution by means of clause 3 coming into effect at a later date.

I think the suggestion made by the Leader of the Opposition is a good one. I hope the Minister of Trade and Commerce will accept it. Otherwise he himself must take the responsibility for the delay that will be required for a thorough and adequate discussion of clause 1 of this bill. I can see nothing that would be lost by removing clause 1 and considering that clause in a separate bill at a later stage during this session.

Mr. Chevrier: May I ask the minister if—

Mr. McIlraith: On a point of order.

Mr. Chevrier: I rise on a point of order at this stage in the debate, Mr. Speaker, to inquire of the minister whether at this time he will not give consideration to the suggestion made by the Leader of the Opposition. If he does so I think it would perhaps hasten the consideration of second reading and also shorten the discussion on the bill and allow us to get on with it more quickly. As has been stated by the opposition and also by the C.C.F. party, the suggestion appears to be reasonable on its face. I am not going to insist on that point, but I wonder whether

the minister would not indicate to the house at this stage whether he is in a position to consider it favourably.

Mr. Speaker: By leave of the house, may the minister answer without closing the debate?

Mr. Pickersgill: By leave.

Mr. Martin (Essex East): It is just a point of order.

Mr. Churchill: In answer to the hon. member's question may I say that this is an alternative that certainly did not escape my notice when I was considering the bill. I think what we should reasonably do is go into committee and decide the issue there. It is there that it will have to be decided. There are quite a number of things upon which I should like to comment before we reach that stage, but the situation in so far as this bill is concerned is, as the hon. member for Assiniboia has indicated, that the amendment requested in clause 61 could be brought forward on some subsequent occasion; that in fact at the next session of parliament there might be other amendments to this very important act if experience should indicate that clarification is required.

I am quite prepared to take into consideration the suggestion of the Leader of the Opposition. I am not too pleased with the way in which it was indicated, namely by a sort of threat that something would be done unless it was followed. This is a co-operative venture. Last year when we were considering this bill for nine days in this house a fine spirit of co-operation was shown. I accepted amendments put forward by hon. members opposite without much debate on some of the issues. We also put forward amendments which were acceptable to the house.

This is an act which is breaking new ground in Canada. This particular amendment comes before the house only because the chairman of the energy board suggests that for the proper application of section 61 it is required. In the other place this subject matter was considered. The law officers of the crown appeared, and members of the energy board, and satisfied hon. members of that house that this would be a satisfactory method of procedure.

However, on the other hand, I do not want to do anything that would appear to infringe upon the rights of the provinces. If someone considers that there is a constitutional issue here involved, that puts a different light on the matter. Why this issue was not raised a year ago when we discussed section 61, I do not know.

Mr. McIlraith: There was no amendment then.

[Mr. Chevrier.]

Mr. Pearson: We did not need this.

Mr. Churchill: It could have come up at that stage. However, although there is urgency with regard to the electricity matter; although this proposed amendment would assist the board in the performance of its duties, and although it may be interpreted from rejection of this amendment by hon. members opposite that they are not in favour of having tolls determined by the board, which was the clear intent and purpose of parliament last year, nevertheless, because of the delay which occurred in bringing this bill forward, and because of the quite proper consideration of giving every province its opportunity to be heard if there is any suggestion that constitutional issues are involved, I am not averse in the committee stage to withdrawing this particular amendment.

Mr. Aiken: On the question of order raised by the hon. member for Laurier, may I point out that this is a Senate bill. I wonder whether we would be any further ahead. It would be necessary for it to go back there.

Mr. Speaker: I do not recognize any point of order. A question has been raised with the minister as to whether the government would accept the suggestion of the opposition, and it has been answered. Now we proceed with the debate. I recognize the hon. member for Laurier.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should now like to deal with the bill which is before us and to address myself to three points before coming to the answer given by the minister to the question I raised either directly or by way of a point of order.

The first one, of course, is that of the delay which for some reason or other has been responsible for the government bringing the bill before the house at this late date. In conformity with what has been said by the Leader of the Opposition I think I should state that the minister, although accepting responsibility for it, I am afraid has not given a sufficient reason or a good reason for the delay in bringing this bill forward. It is one thing to say in the speech from the throne that legislation of this nature is going to be brought forward, and it is another thing to bring it forward on the very day or the day before the licences for the export of fluid and electricity expire.

That is why, without pressing the point unduly, I think the minister must give careful and serious consideration to the other point, namely the one I raised in posing the question to him and also the one which the Leader of the Opposition raised. The minister himself has stated that this is an act which

is breaking new ground. That is the expression he himself used. If it is an act which is breaking new ground, then a fortiori great care must be taken to see that the rights of the provinces are not infringed.

Neither I nor the Leader of the Opposition has stated that the rights of the provinces are being infringed. However, there is a grave doubt about the matter of their being infringed. Some mention was made of the Winner case. I have before me the decision in the Winner case. I had some knowledge of the Winner case, because following that decision it was decided by the government of that day to amend, as the minister knows, one of the statutes of parliament in order to give parliament jurisdiction over interprovincial and international highways. Up until that time there were grave doubts in the minds of the officers of the Department of Justice as to whether the federal parliament had jurisdiction over what was termed international and interprovincial transportation.

The decision lays down some very important principles. The decision states in so far as international and interprovincial transportation is concerned, that the federal parliament would have jurisdiction. But it then went on to make a number of very careful distinctions between intraprovincial movements and interprovincial movements, and because of that fact—because doubt has been raised by that decision—I think it is extremely important that we go very slowly and carefully with regard to clause 1.

I should like to bring this to the attention of the minister: before this legislation was introduced, the government of the day called a conference of the provinces here in Ottawa, and it took many days—I cannot remember how many, but perhaps the greater part of a week—before it was possible to get the provinces to agree, not without some difficulty, on the kind of legislation which should be introduced in parliament. Since that act was passed I do not know whether there has been any conference with the provinces or any representations from them in the field of highway transport. I mention highway transport because the question of pipe lines is akin thereto, and because the Winner case would not only have a bearing—

Mr. Martin (Essex East): It involved transport.

Mr. Chevrier: My hon. friend says it involved transport. It would not only have a bearing, but it would also be a precedent in so far as the pipe line is concerned.

The point I am trying to make now, is that if there is any doubt in our minds as to whether there may be an impingement on the rights of the provinces, we should hesitate to do anything with regard to clause 1. The minister has I think given agreement to the suggestion, because I think he said something like this in reply to the question: If someone considers that this infringed provincial jurisdiction, I am prepared to consider the proposal made by the Leader of the Opposition.

We on this side of the house feel that it does, and we think it would be in the general interest of the house and the country if we were to give immediate consent, if the minister wishes, to the passing of clause 2, upon the distinct understanding that clause 1 would be brought in at a later date; it could even be introduced tomorrow, if the minister desired, and put on the order paper so that we could give consideration to it during the Easter recess and discuss it later.

If the minister would do this—and I feel, from what he has said, that he is so disposed—I think we might get on fairly quickly with this piece of legislation. There is, of course, clause 3 which has already been mentioned by the Leader of the Opposition. All I want to do is to state that if perchance this bill did not pass today and we went on discussing it, not tomorrow, because we have other business announced, but at a later date, every act of export of fluid gas or electricity by these 20 companies would be illegal, and the fact that clause 3 is enacted does not for the time being at least legalize that illegality. So it would strike me that this is a departure from what was done in earlier cases.

I do not know that I want to add any more to what I have said. As far as we on this side are concerned I think I can say again on behalf of the opposition, that we are willing to consent to the passage of clause 2 of the bill, which is really what the minister wants, so that we may give consideration at a later date to clause 1. I think I am not unduly pressing the issue when I say that I believe the minister has agreed, in effect, to withdraw clause 1. If he will do that, I can assure him we shall not hold up the second reading of the bill.

Mr. H. W. Herridge (Kootenay West): I want to say a few words on this bill and I will be brief. The members of this group have given this measure some attention, and we were very concerned about the lateness of the date on which it was introduced. However, I must say we were very pleased to hear the minister accept full responsibility for the delay in introducing the measure and make no attempt to put the responsibility on someone else's shoulders. I think the hon. gentleman made a frank and manly statement, and that goes a long way with me.

This is a very serious matter, because even if the bill is passed as quickly as possible it is likely that these companies with export permits will operate illegally for a short period of time.

I should like to support the suggestion made by the Leader of the Official Opposition (Mr. Pearson) that clause 2 be held over for further consideration. We did consider this clause and discuss it with persons having legal experience, and we were definitely of the opinion that the wording is ambiguous, to say the least. It is not at all clear. In the years I have been in this house ministers have assured us from time to time that the language used in various clauses was satisfactory, that it had a particular meaning. Nevertheless, some hon. members were not clear as to what it actually did mean, and we have often been informed that the interpretation of a clause by a minister does not necessarily correct any errors in the wording which may exist, or remove shortcomings from the legislation in the form it is eventually passed. When the bill is passed the courts have to determine its interpretation, and we are very anxious that this particular clause which has been mentioned should be carefully drafted in order that the rights of the provinces should be protected beyond a doubt.

In addition, as the hon. member for Laurier (Mr. Chevrier) mentioned, there is no question but that some doubt could arise in the minds of the governments of the provinces on reading this clause of the bill, and for this reason we wish to support wholeheartedly the suggestion that clause 1 be withdrawn. I listened to the minister carefully and I am not sure whether he definitely undertook to do so or not. It is my view that further considerations should be given to this question so that there might be no doubt about the situation.

While I am on my feet, I wish to direct some questions to the minister which could be answered during the committee stage. The board is of growing importance and I find an increasing interest in its activities and a growing desire to obtain information about the applications and decisions of the board. Are the meetings open to the public? Can any person interested in the board's work obtain transcripts of the evidence of various companies making application providing he pays for the cost of the transcript and can one also obtain copies of the board's decisions in the same way? I have had some inquiries of that nature and request an answer to my questions when we reach committee stage.

(Translation):

Mr. Noel Dorion (Bellechasse): Mr. Speaker, I apologize for rising at the very end of this discussion, but there are just a few remarks I feel bound to make.

I have been going over clause 1 of the bill carefully, and I must say that it gives me some concern. Aware as I am of the minister's good nature, I am sure he will not take amiss the few remarks I am about to make.

The hon. member for Laurier (Mr. Chevrier) referred a moment ago to an unhappy experience when the supreme court, after ruling in the Winner case that part of an interprovincial licence was the responsibility of the provincial authorities and the other part, with respect to interprovincial operations, came under federal jurisdiction. That case, involving the attorney general of Ontario versus Winner, was appealed before the privy council. I think it was in 1954. Unfortunately, as I had not expected to take part in this debate, I cannot recall the exact date. Still, as far as I can remember, the privy council formally ruled that interprovincial businesses were exclusively under federal jurisdiction, even as regards the use of their license within the province.

Following that ruling, if I remember correctly, the government put a bill through whereby it yielded to the provinces the responsibilities arising out of the privy council's interpretation of section 92, paragraph 10, of the British North America Act. Unfortunately, and I say this quite sincerely, with no thought of attaching any blame to my friends in the opposition—there remained an escape clause—I think it is in section 5—whereby the governor in council reserved the right to exempt any business or part thereof from such terms in the act as gave back to the provincial authorities, or which in fact entrusted to the provincial authorities full powers with regard to such interprovincial businesses.

Unfortunately, in section 1 of this bill, I see a very striking analogy, and it is obvious that in the light of the ruling in the Winner case, it would be extremely difficult for the provinces to exercise their powers, in view, as I say, of the purport of that section.

On account of the confidence I have in the minister, I hope—indeed I am convinced that he will take my remarks in good part and will kindly take them into consideration. Therefore, I think that section should be deleted from the bill, because of the situation in which it would put the provinces and

especially on account of the extremely broad interpretation in favour of federal authorities that was given by the privy council in the Winner case.

For those reasons, I would feel obliged to vote against the adoption of that section, as now drafted. But I do not believe I shall have to do so, since the minister has indicated that he would see that this section is struck out. I repeat, it seems to me an extremely dangerous one for the powers already exercised by the provinces, or at least by some of the provinces.

(Text):

Mr. Pickersgill: Mr. Speaker, I had not intended to say anything on this bill and I am only going to utter two sentences now. We in the Liberal party are very pleased that the hon. member for Bellechasse (Mr. Dorion) has joined with us in the defence of provincial rights.

An hon. Member: That is the first time in your life you ever did so.

Mr. Speaker: Order. I must advise the house that when the minister speaks he will close the debate.

Mr. Churchill: Mr. Speaker, I had intented to comment on the various speeches that have been made but in view of the fact that I have already agreed to drop the offending clause there seems to be no purpose in further discussion of it. I will say no more than that I think there has been an overemphasis placed on this bill with regard to the alleged violations of the rights and dignity of this house, the phrase used by the Leader of the Opposition (Mr. Pearson), and in the use of the word "crime" in connection with the export of electricity beyond a certain date, and things of that nature. However, in the course of debate phrases like that sometimes come quickly to hon. members' lips and are uttered.

We seem to have reached an agreement that to prevent any possible criticism on the part of the provinces or any possible doubt that provincial rights might be infringed by the suggested change that it would be wise to postpone consideration of this to some later occasion and I am quite prepared to do that.

Time is passing very rapidly again and we do not want to get into the position where the other house cannot assist us in this matter. There are certain steps that have to be taken, namely the passing of this bill through the other stages, transmitting a message to the other house which has already been alerted and then having the concurrence of the other house with regard to what we do here with respect to this bill, all of this to be done before royal assent may be granted at a quarter to six.

If I can get an assurance from the other house that their action will be immediate then there is no need for the third clause which occasioned some comments from the other side. If that assurance is not forthcoming then the third clause has to be inserted in order to safeguard the situation, but I think the common sense of both houses will prevail under the circumstances and that we may within just a few minutes deal with the one remaining clause in this bill which refers to the export of electrical energy on the basis of these annual licences.

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

On clause 1—*Tolls for transmission of gas.*

Mr. Chevrier: Mr. Chairman, will the minister make a statement on this clause?

Mr. Churchill: This is the one we propose dropping. It is just a question now of wording the necessary motion to that effect.

Mr. Smith (Calgary South): Can the minister tell us whether any examination was made by the board itself to determine the legal aspects of clause 1 before it was placed in the bill? On the legal arguments that have been offered, I cannot concur in the suggestions that this should not be included. I have no personal objection, of course, to the minister saying that it should be dropped, but it does occur to me that when the energy board has a former official of a provincial government as its president, the board certainly would not introduce something that was going to offend a provincial statute or a provincial law.

Mr. Churchill: The answer is yes; the energy board did get competent advice with regard to this particular matter and it was on that basis that this drafting was done and the amendment put forward. However, in order to move on with this, I will ask my colleague to move:

That clause 1 be deleted; that clause 2 be renumbered 1 and that clause 3 be deleted.

Mr. Brooks: I so move.

Amendment agreed to.

On clause 2—*Expiry date.*

The Chairman: Shall clause 2, now clause 1, carry?

Mr. Pickersgill: I should like to say a word or two before it carries. The minister can relax because I am not going to prevent

progress. I was very much struck by one observation the minister made. I think we all felt a certain sympathy—I know I personally did—for the minister when he said that he had overlooked this matter until March 1. But what really did astonish me was when the minister discovered on March 1 that no progress was being made with this bill—and I listened very carefully and I am sure that is what the minister said; if I am wrong he will correct me right away—why he did not do something. That was 30 days ago, sir. I do not know what has happened in those 30 days. I do remember those days in the middle of June, 1940, of course, and I am sure the Minister of Veterans Affairs will remember them, too, when one of the most important pieces of legislation that was ever passed by this parliament was drafted in a single night, introduced the next day, and passed through all stages in this house in two days and through the Senate on the third day and received royal assent. Here we have a little minor bill, when we consider all that is left of it now. Why, on March 1, when the minister found this had happened, he did not get a special meeting of the legislation committee—and I assume this government has one, as we had, under the Minister of Justice—why he did not get it approved at the council and get it before that day ended, or if it was late, at least by March 2, on the order paper of this house or the other place, it is hard for me to understand.

Then the minister mentioned the matter here, if I remember correctly, on March 18, in response to a question from my hon. friend about the business of the house. If my arithmetic is right, it was March 24 when this bill was first introduced in the other place, which promptly took its usual long weekend and consideration was not completed there until yesterday. It does seem to me that we can forgive anything that happened before March 1, and feel a certain sympathy for the minister's difficulties before that time but really, I am flabbergasted. I have had a long experience, as hon. members know, not in parliament—I have not been here nearly as long as the hon. gentleman—but on the periphery of parliament, and have had a lot to do with legislation that was subsequently introduced in this parliament and this case does seem to me to be unique. It seemed to me, just so that there would be a kind of recollection of it so that it would not happen again, perhaps this deserved to be mentioned.

Mr. Churchill: I want to thank the hon. member for forgiving all my sins in January and February but not absolving me from my sins in March. I would say this to him. Perhaps I will put down some notes with regard to what happened in March and if the executors of my estate determine something should be written about my life and appoint the hon. member for Bonavista-Twillingate to do the writing, he will have all the information available to him and know exactly what happened during the month of March.

Mr. Martin (Essex East): This matter is one of importance, not only because of the permission that will be extended by parliament to some 20 companies in respect of licences which they have enjoyed in the matter of the export of power, but important for the reason which the hon. member for Bonavista-Twillingate has emphasized, and which, I think, bears some repetition, even though I may not do it on exactly the same basis as the hon. member.

Those of us who have been in this house for some time will recall the very strong positions taken by hon. gentlemen opposite when they were sitting on the benches on this side about any alleged effort on the part of the administration in any way to pressure the House of Commons into the consideration of matters which time did not afford. We would have been challenged by hon. gentlemen opposite, and particularly by the Prime Minister, if we had taken the course which the minister for one reason or another has been forced to take in this matter. We would have been told first of all that this was a bill that should have been introduced in this chamber first. That was not the course adopted by the present government. Of course, the reason why the upper chamber dealt with this matter first was that time was running out and it was necessary to run to the other place first.

But that does not in any way absolve hon. gentlemen from themselves now being implicated in the very charges which they on other occasions, in the light of their previous conduct, would have made. It is a violation of the spirit of parliament for any government to present legislation of this importance in the way in which this legislation now comes to us in this house. We are dealing with it for the first time this afternoon and because of the exigencies we are going to extend passage of the bill before five o'clock in order to guarantee to some 20 corporations in this country a right previously extended to them by parliament.

No member of parliament is open to censure for criticizing vigorously the position in which the government has placed us at this time. I join with the hon. member for Kootenay West in saying that the minister

was tactful and wise today in accepting readily a responsibility which he says was his. He thereby, of course, contradicts a distinguished public servant who said that the responsibility was his. We also commend that individual. We have before us two willing culprits with respect to the delay for which parliament is now suffering.

An hon. Member: Shocking.

Mr. Martin (Essex East): It is certainly a shocking matter. It is certainly a violation of the rights of parliament. The minister by his very own words has indicated that the delay did not occur because the government suddenly realized its responsibilities. It realized its responsibilities early in February. The minister began his remarks today by saying there was some discussion early in February as to whether there should be one or more amendments to the legislation. He said that he had discussions with the energy board about some amendments, all of which he decided not to incorporate in the measure which came to us from the other place only this afternoon.

But the minister went on to say that he had intended bringing in these amendments early in February, and by that very statement I am sure he will recognize, good sport that he has proven himself to be this afternoon, how valid is the criticism that we level against the government for placing parliament in the position in which it has been placed today as a result of the dilatory actions of the government and of the minister. It is a most unusual situation. The minister certainly will not find in the history of parliament in the last 25 years any situation which could be regarded as a precedent for the inefficient manner in which the government has conducted this phase of the public business.

It should have been within the initiative of the minister to take the course suggested by the Leader of the Opposition, the hon. member for Laurier and the hon. member for Bellechasse, who like this party is concerned with provincial rights. This position should have been taken by the minister at the outset today instead of putting the Leader of the Opposition in the position where he had to offer as a condition precedent to acceptance by the house of the new clause 1, the former clause 2 of the bill. The fact that the minister must have been aware that a request had been made by the other place to inform the provinces of the implications of the former clause 1 should itself have served as notice that that clause ought to have been deleted at once or that the matter should have been referred to the courts for a determination as to its constitutionality.

The minister says that the law officers of the crown are of one mind in the matter. The evidence does not support that. There is grave doubt whether the bill as first introduced was not one that involved powers that come under section 92 and the property and civil rights section of the British North America Act. So not only are we faced today with the inefficient way in which public business has been handled, not only are we asked to pass legislation involving doubtful constitutional measures, but we are also asked in the former clause 3 to pass a bill which in effect would have been official notice given by parliament to some 20 companies now operating legally of a declaration that "you may break the law of Canada if you like to do so and we will fix you up after the crime has been committed". That is the clear implication of the former clause 3 of the bill.

I am sure that the minister will not readily and easily forget this day. I am sure that those who love this parliament and the protection that it gives to our ancient usages and liberties will not soon forget this day.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): Hon. gentlemen laugh but I hope that they will remember this on the day that the present Prime Minister introduces his bill of rights, a bill of rights intended not only to preserve the liberties of the subject but intended to preserve the liberties of parliament. Today the liberties of parliament were protected by a small group of individuals sitting on the opposition benches and by one of their own members.

An hon. Member: Order.

Mr. Martin (Essex East): Someone says "order". If I were a young and promising member of this house I would join in the denunciation of a government which by its conduct today has given strong evidence that it has really little regard for the functioning of parliament as we have known it traditionally in this country.

Mr. Churchill: Mr. Chairman, I should like to say that there has been some overemphasis on the part of the hon. member for Essex East. No one is more adept at shadowboxing than the hon. member.

Mr. McIlraith: I cannot agree that there has been any over-emphasis whatever on the part of my colleague, the hon. member for Essex East. However, I recognize the extreme urgency of getting the bill, now before us

in committee, to the other place, and I should like to add only one or two comments. The minister pleaded lack of experience. I could not help thinking that the minister was given a great deal of experience during the nine days that the energy bill was before the house last session. I am afraid he did not profit from that experience to the extent that he might and should have. In any event, I should like to ask him now to indicate the names of the companies and the value or quantity of electricity involved. In his remarks on second reading of the bill I think he said he was willing to do that.

Mr. Churchill: Yes, Mr. Chairman. There are 20 companies involved here. I will give the date of the original licence to export on an annual basis. The first is the Hydro-Electric Power Commission of Ontario. The date was the 31st day of the third month, 1924 and the licence involved a firm contract of 395,280,000 kilowatts. The second one was Hydro-Electric Power Commission of Ontario, and the date is 15-5-24, with respect to an interruptible amount—

Mr. McIlraith: If this is in tabular form, Mr. Chairman, I would have no objection to the minister putting it on *Hansard*.

Mr. Churchill: Well, if that is agreeable—

The Chairman: Is it the pleasure of the committee to give permission to have this table printed at this point?

Some hon. Members: Agreed.

[*Editor's note: The table referred to is on page 2659*]

Mr. Van Horne: Mr. Chairman, I am pleased to see this section being removed. It indicates the measure of reasonableness of this government when it recognizes the merit of suggestions from hon. members all over the house.

In New Brunswick, we are not too happy with the energy board. I shall come back to that later. As a matter of fact, some of our people are calling it the lack of energy board. I can assure you that there are other provisions in this act that meet with our approval but, up to now, there has been very little indication on the part of the energy board of a serious attitude toward problems connected with the transportation of gas and other fluids in New Brunswick or the other maritime provinces. In saying this, I realize that the hon. member for Bonavista-Twillingate will probably repeat the accusation he made the other day in Toronto that I am trying to promote some private interest. He may have said this to some reporter in Toronto, but nothing could be farther from the truth.

Mr. Pickersgill: I should like to rise on a question of privilege, Mr. Chairman. I think the hon. gentleman said I had once said of him that he was trying to promote some private interest. I have no recollection of ever having made any such statement. I certainly never had any such idea. If I was reported as having done so and did the hon. gentleman any injury, I apologize at once.

Mr. Van Horne: I merely read a report that the hon. member had said that. I can assure the hon. member that is not the case. We in the maritime provinces are interested in this matter of getting the energy board to take a more serious attitude toward our problems. I wish to take this opportunity of going on record to request the government to direct the energy board to give more serious consideration to these problems that come under this act, as they relate to the maritime provinces.

Mr. Churchill: My attention has been drawn to the fact that when we put forward the amendment we left in the printed section the word "said" in the first line, referring back to the National Energy Board Act. Consequently, we will have to have a further amendment now striking out the word "said".

Mr. Martin (Essex East): In what paragraph?

Mr. Churchill: This is in line 1 now of the clause which has remained. We have to strike out the word "said" and put in the "national energy board" and then the line will read as follows:

Section 99 of the National Energy Board Act is amended by adding thereto the following subsection:

Mr. Brooks: I move that clause 1 be amended by deleting the word "said" in the first line and substituting therefor "the National Energy Board Act".

Amendment agreed to.

Clause as amended agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time, now?

Mr. Chevrier: By leave.

Mr. Churchill moved the third reading of the bill.

Motion agreed to, bill read the third time and passed.

TABLE I

ELECTRICAL ENERGY EXPORTS FOR CALENDAR YEAR 1959

Licensee	Date	Licence authorization terminating March 31, 1960 thousands of KWH		Actual exports for calendar year 1959 thousands of KWH		Reported value of export (excluding tax)
		Firm	Surplus interruptible	Firm	Surplus interruptible	
1 Hydro-Electric Power Commission of Ontario	31- 3-24	395,280		394,200		1,742,280
2 Hydro-Electric Power Commission of Ontario	15- 5-24		5,402,160		3,095,884	8,363,971*
3 Cedars Rapids Transmission Company	9-10-12	658,800		494,332		1,199,728
4 Canadian Niagara Power Co	9-11-07	327,643		284,258		931,250
5 Canadian Niagara Power Co	3- 4-25		243,317		46,982	155,657
6 Ontario-Minnesota Pulp & Paper Co	17-12-09	48,312		43,378		252,026
7 Maine & New Brunswick Electrical Power Company	9-11-07	43,920		37,132		354,192
8 Maine & New Brunswick Electrical Power Company	4- 8-27		43,920		14,296	131,973
9 British Columbia Electric Railway Co	22- 4-11	4,392		1,477		25,768
10 British Columbia Electric Co. Ltd	30- 4-49		**		12,414	37,243
11 West Kootenay Power & Light Co. Ltd	22-12-17	4,392		17		374
12 Southern Canada Power Company	14- 4-26	6,588		4,878		70,308
13 Southern Canada Power Company	27- 3-52		131,760		46,883	188,177
14 Northern British Columbia Power Co	13- 9-29	220		19		1,360
15 Fraser Companies Ltd	5- 6-26	13,176		403		1,814
16 Fraser Companies Ltd	1-10-45		87,840		65,571	294,970
17 Detroit & Windsor Subway Co	3-11-30	2,635		418		1,379
18 Manitoba Power Commission	28- 8-36		220		36	770
19 New Brunswick Electric Power Commission	27- 9-52		307,703		39,684	281,748
20 British Columbia Power Commission	10- 6-58		**			
Totals		1,505,358	6,216,920	1,260,512	3,321,750	14,034,988

* December figure estimated.

** Export is irregular.

Trans-Canada Highway Act

TRANS-CANADA HIGHWAY ACT

AMENDMENTS TO EXTEND PERIOD OF PAYMENTS AND INCREASE MAXIMUM EXPENDITURES

The house resumed from Wednesday, March 30, consideration in committee of the following resolution—Mr. Walker—Mr. Flynn in the chair:

That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to extend until March 31, 1964, the period during which contributions or payments may be made to the provinces under the act and to prolong until December 31, 1963, the period in respect to which construction costs may be incurred under this act; and to provide also that the aggregate of all expenditures under the act may be increased to a maximum of four hundred million dollars.

Mr. Batten: Mr. Chairman, I should like to make a few remarks at this time concerning the trans-Canada highway. There is certainly no need to go into the history of the act itself as the committee is well acquainted with the history of the act from December 10, 1949. I should, however, like to point out that early in 1955 it became evident it would be impossible to complete this highway within the time limit which was then December 9, 1956.

On November 14 and 15, 1955, at a federal-provincial conference, this matter was thoroughly discussed and, as a result, the 1956 amendment to this act came about. During the debate of 1956, the then members of the opposition, now the government, had some very caustic comments to make. I am not going to quote those comments now, but I should like to make some general reference to them. At that time many members of the opposition referred to the need for more generous treatment of the trans-Canada highway program, particularly with reference to the amount of money being spent by agreement with the provinces. There was a good deal of discussion also concerning the maintenance of the trans-Canada highway after its completion.

Certainly we have now a fairly large number of miles of the trans-Canada highway completed and it will not be too long before the bills for maintenance will begin to come in to the provinces. As indicated in the debate of 1956, many Conservative members felt that as the cost of building the trans-Canada highway was too large for any province to carry, hence the cost of the maintenance of the trans-Canada highway would also be too large for many of the provinces to carry. There were those who then proposed that a greater share of the cost of building the trans-Canada highway should be borne by the federal government. Even though at that time the amendment to the act included a clause whereby 90 per cent of 10 per cent of the mileage in any province would be paid for by the federal government, there were those who felt that this amendment to the act was not sufficiently generous.

Last year the act was further amended as to the amount of money to be included in the federal share and we have a similar action this time. Dealing with the government's second amendment to the Trans-Canada Highway Act, may I say I would have hoped that some consideration would be given to those provinces that are feeling the burden of carrying their share of the cost of the trans-Canada highway. I would also have hoped that some consideration would be given to the possibility of maintaining this road in a condition suitable for a trans-Canada highway in the future.

I think all of us will agree that there are some measures which, when offering a 50-50 deal to the provinces, are fair. But it is my view, as it always has been, that the 50-50 deal as far as the trans-Canada highway is concerned is not fair to all the provinces. If I may digress here for a moment, I might say that my own personal opinion was that there should have been built across Canada a trans-Canada highway completely paid for and completely maintained by the federal government. That is my personal opinion. I took that position when I was on the other side of the house. I took that position in the debate on the amendment last year and I still think that was the thing to have done. However, it was not done and we have arrived at this 50-50 deal which is in existence.

This 50-50 deal makes no allowance for the differences in mileages to be borne by the different provinces. It makes no allowance for difficulty in construction. It makes no allowance for the cost of materials which must be transported over long distances and sometimes imported into the province as in the case of Newfoundland. It makes no provision for the existence of alternative routes or for the per capita income of the provinces through which the road is to be built.

I think one thing about which we must be extremely careful is the fact that it makes no provision at all for the demand for other basic services which may exist in the provinces. In my own province of Newfoundland we have a tremendous demand for health and educational services. With these demands being as great as they are there is only a limited amount which the provincial government is able to spend on the trans-Canada highway, although it might be very much inclined to accept the agreement in order to get what they can out of this type of arrangement.

Many hon. members on the other side of the house have recognized these difficulties

in connection with building the trans-Canada highway under the present agreement. We have a considerable discrepancy in the number of miles to be built by the various provinces. For example, the population of Newfoundland is 32 per cent of the population of the other three Atlantic provinces but Newfoundland is obliged to build 72 per cent of the total mileage in the other three provinces. If we consider the four Atlantic provinces combined, Newfoundland has 24 per cent of the total population of the Atlantic provinces but is obliged to build 42 per cent of the total mileage. We might also compare the number of miles per 10,000 of population. Last year when this act was amended I put on *Hansard* a table showing the number of miles per 10,000 of population in each of the provinces. I have now revised this table and I am going to read it rather than to have it put on *Hansard* as it is. I have taken my population figures from the dominion bureau of statistics figures of February 10, 1960 and the mileages from table 1 of the trans-Canada report for the year ended March 31, 1959. It shows that in the province of Alberta the number of miles per 10,000 of population is 2.2—maybe I should point out first that the national average is 2.9 per 10,000 population —Ontario, 2.4. It will be noted that both these provinces are below the national average. The number of miles per 10,000 of population are as follows:

Trans-Canada highway

Province	No. of miles per 10,000 of population
Alberta	2.2
Ontario	2.4
Manitoba	3.5
British Columbia	3.6
Nova Scotia	4.3
Saskatchewan	4.5
New Brunswick	6.5
Prince Edward Island	6.9
Newfoundland	12.2

Newfoundland has 12.2 miles per 10,000 of population, a figure which is not quite but almost twice as great as that of any of the other nine provinces of Canada.

It is also interesting to compare the percentage of miles in a province with the total mileage, and the percentage of the population of a province with the total population. For example, British Columbia has approximately 13 per cent of the total population of the nine provinces included in this agreement and has roughly 13 per cent of the mileage to construct; Alberta has about 10 per cent of the total population and only 6 per cent of the mileage; Saskatchewan has 7 per cent of the population and 9 per cent of the mileage; Manitoba has 7 per cent of the population and 7 per cent of the mileage; Ontario, a province which is probably able to pay better than any other province in Canada has 48 per cent of the population but builds only 33 per cent of the mileage of the trans-Canada highway; New Brunswick with less than 5 per cent of the total population builds 9 per cent of the highway; Nova Scotia has 6 per cent of the population and builds 7 per cent of the mileage; Prince Edward Island has 0.82 per cent of the total population and builds 1.64 per cent of the mileage; Newfoundland has 3.6 per cent of total population but must build 12.8 per cent of the mileage. These figures show—

Mr. Pickersgill: Would the hon. member mind repeating the comparison between Newfoundland and British Columbia?

Mr. Batten: British Columbia has about 13 per cent of the population and about 13 per cent of the mileage—the actual figures are 12.72 per cent and 13.13 per cent—Newfoundland has 3.6 per cent of the population and 12.8 per cent of the mileage. It is interesting to note that the percentage of the mileage in Newfoundland is almost equal to that of British Columbia, yet the population of Newfoundland is a little more than a third of the population of British Columbia.

Mr. Walker: Have the percentages changed much since the Liberals passed the bill in its present form?

Mr. Batten: Of course not. The hon. gentleman knows very well that these percentages are arrived at on the basis of the population and mileage in each province. There has been a slight change in the population over the last few years—it has increased in most provinces—but the mileage has remained fairly constant. The only change would be a slight reduction in the number of miles per ten thousand of the population, but no significant change.

Various schemes have, of course, been discussed with the object of providing a better deal for some of the provinces. One suggestion which has been made is that the federal government should have built and maintained the whole of the highway. Another suggestion, made by my own leader, is that in the maritimes the federal government should pay 90 per cent of the cost. A further suggestion from another hon. member of this house is that the federal government should pay 75 per cent of the cost.

Of the various schemes which might be put forward, one, for example, could be based on mileage per ten thousand of the population. The average mileage per ten thousand of the population in Canada is 2.9, and it might be possible to base an agreement on this figure. Fifty per cent of the

total cost, plus 90 per cent of 10 per cent, could be paid, as under the present agreement, to all provinces which have to build the national average or less. Suppose, however, the mileage to be built in a province was above the national average. An arrangement could then be worked out under which the federal government would pay a greater proportion of the cost. I might say that at the existing rate, under the existing plan, 40 per cent of the total mileage in the country would be covered, a mileage of 1,718. Where the mileage to be built in a province amounted to four miles per 10,000 of the population the federal government would pay 60 per cent of the cost, and if the mileage rose to six, the federal government would pay 65 per cent of the cost. For percentages in excess of six miles per ten thousand, the federal government would pay 70 per cent of the cost.

I have made some rough calculations as to what this would cost the federal government, and from these calculations, based on estimates of the cost of completion of the trans-Canada highway given by the minister last year, I find that both Alberta and Ontario would complete their mileage under the existing agreement. Manitoba would receive an increased grant of $2 million; British Columbia would get an increase of $9 million; Nova Scotia an increase of $3.5 million; Saskatchewan, $2.5 million; New Brunswick, $10 million; Prince Edward Island, $1.5 million; and Newfoundland an increased grant of $5 million; making a total cost to the federal treasury of $33.5 million.

I recognize, of course, that this scheme which I have broadly outlined does not take into account the various other factors which make the building of the trans-Canada highway so difficult for provinces such as the maritime provinces and British Columbia.

The motor business in Canada is becoming very big business indeed. In 1920 there were 400,000 cars and trucks in Canada; in 1930, there were 1,250,000; in 1940, 1,500,000; in 1950, 2,500,000; and in 1960 there will be more than 5,000,000, an increase of 100 per cent in the last ten years. It is estimated that during the present year Canadians will travel 40,000 million miles over Canadian roads. The amount received in registration fees and gasoline taxes in 1958 was just less than $500 million, or almost 25 per cent of the total net general revenue of all 10 provinces. Certainly these figures go to show that motor traffic in Canada has grown very fast indeed during the last 20 years.

In my own province the growth has been slower. Nevertheless, in the last five years there has been a speeding up of the development of the motor industry in the island province. In 1940, for example, there were 4,378 cars and 1,306 trucks, making a total of 5,834 vehicles; in 1949, just before confederation, the total was 11,500; and in 1950 it had increased to 16,375. In the last ten or eleven years since confederation, however, the total number of cars and trucks on the island increased to 52,578, a threefold increase in nine years. I draw these figures to the attention of the committee in order to illustrate the demand in the province for increased highway construction. As everybody knows, highway construction begets more construction; the more roads you build, the greater the demand will be.

As was pointed out two days ago by the hon. member for Grand Falls-White Bay-Labrador, who took the opportunity to recount some of the history of transportation in Newfoundland, there are large distances around the coast where the provincial government must construct its own roads. The demand for this type of road is so great that there is not enough money left over for any rapid progress to be made in connection with the trans-Canada highway.

Certainly there has been great progress made in connection with highway construction in Canada, though nothing compared with the progress which has been made in the United States. I recognize that the conditions are different. However, in the United States and also in Canada, we have devoted great research into the building of automobiles and trucks but we have not done the same amount of research work, or the same type of research, with regard to the roads over which vehicles have to travel. I do not think road construction in Canada has kept pace with the advance in the construction of motor vehicles. We have almost half a million miles of roads in Canada. Of this total, one mile in ten is paved, 4.5 miles in ten are gravel surfaced and 4.5 miles in ten have an earth surface. Road mileage in Newfoundland at the end of operations in 1959 resulted in the following picture:

Paved highways	234 miles
Gravel highways	2,930 miles
Motorable secondary roads	454 miles
Non-motorable secondary roads	785 miles
Local roads	3,000 miles

In the last ten years 1,600 miles of road have been constructed in the province of Newfoundland. In 1959 there were 138 road projects undertaken. Expenditures for this construction and for the maintenance of roads that had been built before that amounted to an all-time high of $18 million. The sum of $18 million may not be a lot of money to a province like British Columbia or Ontario

but I can assure the committee that with the demand for other services in Newfoundland $18 million for road construction is a great deal of money especially when considered on a per capita basis.

In 1958, for example, the per capita expenditure on roads in Canada was $45. The per capita expenditure in Newfoundland in 1958 was $51. Certainly the roads in Newfoundland are just as important to that province as are the roads in any other province of Canada.

In this great country of ours we have many attractions for people who want to come as tourists from other countries and particularly from south of the border. They are attracted here by the scenery, the wide open spaces and the things that go to make up our tourist industry. I believe that if you are going to develop industry in an part of Canada the type of industry must be based upon the resources of that area.

In the maritimes there is certainly a tourist resource that can be developed but it will never be developed without the type of road over which tourists like to drive. I do not think for a moment that Florida became the great tourist resort it is because of its geographical position. I believe Florida is the great tourist resort it is today because the people who wanted to go to Florida, and particularly the people of the United States, were able to get there over the type of road which they demand.

We have, for example, the situation in the state of Maine. Maine in many respects is similar to the Canadian maritimes. Both the maritimes and Maine in the early part of the century had a fairly substantial shipbuilding industry and a large trade with the West Indies but the turn of the century saw both those industries decrease. Both areas have also witnessed the migration of a large percentage of their population west. There are indeed many similarities between Maine and the maritime provinces of Canada and yet the state of Maine has become the Florida of northern United States. This has come about largely because of the building of the Portland turnpike. The tourist traffic brought into the state of Maine because of the Portland turnpike last year was far greater than any of the sponsors of that highway had hoped.

I believe that such a highway going down through the maritimes and a similar type of highway across Newfoundland would bring into the Atlantic provinces a number of people that would raise the tourist industry there to the same level to which it has been raised nationally.

I say again that if you are going to develop industry in any part of Canada it should be based on the resources that happen to belong to that particular area. We should do what can be done to encourage the growth of the tourist industry in the maritimes. We in Newfoundland have not been able to avail ourselves of a large percentage of the tourist dollar but we believe that with an improved highway system and improved facilities for caring for tourists during their stay in the province and with the many attractions Newfoundland can offer we too could find a good deal of revenue in the tourist industry.

Another reason why further consideration should be given to the construction of the trans-Canada highway in Newfoundland is that this province has never received from the federal government the same railway services that have been received by the other nine provinces. When Newfoundland entered confederation in 1949 it brought with it its own railway which had been built and paid for. It is true that since 1949 the Canadian National Railways have spent a great deal of money improving the Newfoundland railway service and have done a pretty fair job, all that could be done with a narrow gauge railway. But we have never had any railway expansion or money spent on canals. The people of Newfoundland have not had the opportunity of deciding how to transport their produce, whether by rail or road. There was only one way in which it could be done. My own riding is an area of particular importance to Newfoundland with respect to agricultural products. These products have to be transported by C.N.R. at rates that are high and sometimes at rates that seem unfair. When the trans-Canada highway is completed these products can be taken from the farming areas to places where there is a higher density of population and where a good market could be found for the things which can be grown in this area.

I know that all I have said today has been said before. I know, too, that the minister is well aware of the situation that exists in Newfoundland. The hon. gentleman last year was kind enough to come to my province. I know that time did not permit him to visit my part of the country but when he makes his next trip I hope he will be able to come to the west coast of Newfoundland which is able to provide some of the finest scenery anywhere in Canada. I can assure him that if he comes he will receive a welcome that will be typical of Newfoundland hospitality, a sample of which he has already experienced, and we will show him a fine part of Newfoundland, one that I believe

will impress on him the need for further consideration of this trans-Canada highway program.

Mr. Cadieu: Mr. Chairman, I too should like to express my approval of this resolution providing for the completion of the present trans-Canada highway. I am also of the opinion that it does not provide sufficient money. In view of the fact that the present trans-Canada highway is already completed in the province of Saskatchewan and has been for almost three years, and in view of the fact that Manitoba and Alberta have almost completed their share, I would recommend highly that a second trans-Canada highway get under way. I was very pleased to hear the contribution to this debate made by the hon. member for Dauphin and was very interested in his remarks.

When one looks at the great potentialities this northern route would open up in the way of natural resources and connecting with roads to resources and connecting many federal and provincial parks in this vast area and some of the best farm land in Canada he immediately sees the value of a second trans-Canada highway, coming into Saskatchewan on No. 3 highway on the east, thence to Prince Albert, connecting roads to resources at that point and making use of the much-needed and new four-lane traffic bridge now nearing completion at that point, then continuing west to Lloydminster and west through the province of Alberta and British Columbia. One really has to see this great country to realize the need for this second trans-Canada highway. I can assure you, Mr. Chairman, it will be second to none. I think, without any doubt, construction of this highway under a join federal-provincial program would give access to one of the most scenic and resourceful routes in Canada.

In this area we have an organization known as the northern trans-Canada route association which has been doing much research work on this proposed route. In their pamphlet I notice they indicate that the extension of such a highway construction program should be considered by the government of Canada at the 1960 session of parliament so that the provincial governments can make their plans and include this item in their 1961 budgets. They go on further to point out the points brought out by the Secretary of State for External Affairs, who stated in the House of Commons on Friday, June 5, 1959, as reported at page 4385 of *Hansard*:

> Possibly some policy may have to be adopted which will allow one type of aid in one province and another type of aid in another province in order to serve the national interest.
>
> [Mr. Batten.]

This is very important, because there is such a difference in the vast terrain and we can build so many more miles cheaper, comparatively speaking, than can be built through parts of Ontario, British Columbia and the maritimes.

Consideration should be given to the starting of a second trans-Canada route in this area. I was also very interested in the remarks of the hon. member for Churchill who pointed out some of the great resources that such a route would open up. I notice that my colleague, the hon. member for Saskatoon, proposed a route through Saskatoon on the basis of freight rates. If Saskatoon had the freight rate problem of the north that city would warrant a lot more consideration. Also, if we in the north had a highway built to the standard of No. 5 highway which runs through Saskatoon we would refer to it as our second trans-Canada highway. The importance of the starting of a second trans-Canada highway cannot be over-emphasized, Mr. Chairman.

Mr. Fisher: Mr. Chairman, one of the things that you can always note about highway construction within a provincial framework is that choosing the setting is the most efficacious way of pleasing voters. I think the example of Mr. Gaglardi and Premier Bennett in British Columbia is a very good indication. If you want to make an impression on the voters you build highways. I think Premier Frost in Ontario is about the smoothest politician that Canada has known. He has also followed this practice to quite an extent. I notice that in the eastern Ontario constituencies in particular, where we have a malapportionment in so far as votes are concerned in relation to suburban constituencies, the road program is excellent. I also notice in our part of Ontario where cities are few and far between and the mileage is great, the road construction progress is rather slow. I want to bring to the minister's attention, before he listens seriously to his people in the house who are advocating a second trans-Canada highway—and I include the members in my own party—this fact. I wish he would take a look at what has gone on up in our part of the country and give us an explanation as to what is happening to the first trans-Canada highway.

I would like to point out to the minister—I know there is no collusion between him and the politicians of the same stripe as he in the provincial setup—that the whole assumption is that the highway construction that goes on is from the magnificent boundary of the province of Ontario. We tend to get pretty critical about this boundary,

knowing that most of the highway construction up there that is taking place along the trans-Canada route is being paid for by the federal government, anyway. This is the image that comes forward, which is abetted by the provincial politicians in our area. The member for Port Arthur in the provincial house, who has recently been in a bit of hot water for an optimistic statement in connection with a judicial matter, is also very free with his announcements in so far as culverts, bridges, and everything else are concerned.

There are usually about three stages in trans-Canada highway contracts. He announces all three stages. As a matter of fact, he makes so many announcements about trans-Canada highway contracts that I think everyone is confused. But anyone who drives over the trans-Canada highway between the Manitoba border and White River is more than confused. He is pretty well shaken up. It has got to the stage where you cannot politic in any decency. I know we had a riding association meeting last week in Nipigon, some 70 miles out of Port Arthur, and about 104 people managed to make it from various spots on the trans-Canada highway. But the main point that was made to me was, let us not have any more of those meetings if we are going to have our life and limb and property threatened by going over that highway. It is a terrible situation all the way from Port Arthur to Nipigon and from Nipigon all the way to White River and west of Port Arthur it is just tragic. As the hon. member for Fort William pointed out the other day, this was going to be the big link to enable trucks to fit in with the seaway development, tie in with Manitoba and give us cheaper transportation costs and help us to build.

I would like the minister to explain just what is the relationship of his department with the provincial department of highways. I would like him to explain why he cannot get them to move any faster, and why we have not a higher standard on the trans-Canada highway in our part of Canada.

Before he encourages the Prime Minister to go on television and talk about the possibility of further development of the trans-Canada, would he have the Prime Minister just take a drive from Winnipeg over to White River and examine the existing trans-Canada highway. I can tell you it is no prize. I know he would not want to blame his predecessors in that case, that terrible Liberal administration, because after three years in office the government ought to be able to get the provincial governments bugged up. The only thing we know about the trans-Canada highway is that we have had a beautiful scandal down there. I am not going to raise scandals again; but three or four years ago, as the minister may remember, we had all sorts of charges and counter-charges. We even had a couple of contractors pay very large fines. That is about the main contribution the trans-Canada highway has made in our area. It has the worst record of detours, bumps, springs torn out that I have ever heard of.

One man in our constituency, a union organizer, who has to travel far and wide, told me that he is always getting representations from the international office because his car bills are so high. There is one highway that he hardly ever goes down that he does not lose at least a muffler or an oil tank, and this is the trans-Canada highway that the minister is so proud of.

I know there is a tendency, whenever money is being voted on projects in the area, for politicians to become sweet and fatuous, but I do not see how the minister can be either sweet or fatuous if he has ever had to drive over the trans-Canada highway in northwestern Ontario. It is no prize. I know he will restrain the enthusiasm for a second trans-Canada highway until he gets something going along this route. All sorts of construction work are being done, but at the rate it is going by the time those new projects are finished the ones that were at one time up to standard will be all shot. In the light of this, I think we should snuff out all the guff that we have heard about a second trans-Canada highway and concentrate upon that mileage that has not been completed. I am not speaking of the gap from White River east to Wawa or that particular area. We will assume that will be done this year. This provincial politician I have been talking about has been predicting its finish for the last four years. We have even had people in the Conservative party betting in all directions in the last few years as to how soon it is going to be finished. I am talking about the part that is theoretically finished now but is not up to trans-Canada highway standards.

Of all the misbegotten highways that anyone has ever driven, I think the stretch between the Manitoba boundary and White River is about it and yet it is one of the longest stretches in the trans-Canada highway. I notice that the railways, using freight rate terms, always refer to this part of the country as the bridgehead area, the big link they have to move goods through to get them from east to west. You really think you are in a real war bridgehead when you go over some of that road.

I have requested both privately and publicly that the minister visit the lakehead. Conservative fortunes are not very high there and he could do something about raising them. It seems to be an area that does not take to Conservatives to any marked or consistent degree. The people there do not even take to the vision. I am always willing to give Conservative politicians every opportunity to come there and rectify the situation, so my invitation to the minister is sincere. Come up there and take a look at this trans-Canada highway. Take a look at the botch you have managed to make of the lakehead terminal so far. Bring the Prime Minister along and take him for a drive. I have noticed that he likes driving through Quebec. He took a big tour through Quebec last year because he thought the situation was shaky but I can assure him that he will be shaking when he is through driving over the trans-Canada highway in that part of Ontario. I would very much like to see such a visit. When the Prime Minister and the Minister of Public Works travel that part of the trans-Canada highway they will be very warm when they are through. In other words, I am suggesting that we have a built-in warm reception in the form of the trans-Canada highway.

I do not want to overdo this point but I should like to reiterate: Let us not have any talk about a second trans-Canada highway as an if or a promise or a vision until we have the substance in northwestern Ontario of the first trans-Canada highway. I suggest that the minister has got to do more than talking to the provincial authorities to get them on the move. I know that the provincial authorities have been threatening to come here and do some tough talking about more money. In this particular case the money is there, according to the minister and previous ministers, but they have not been taking it. I think that some time during this debate or the later discussion we should have from the minister a really candid explanation of why the Ontario government has been puttering around for so long with respect to the trans-Canada highway in our part of the country.

(Translation):

Mr. Dorion: Mr. Chairman, I read with interest the speech made yesterday in this house by the hon. member for Levis (Mr. Bourget), with regard to the resolution sponsored by the Minister of Public Works (Mr. Walker).

The tone and the character of his remarks show that the hon. member is obsessed by the imminence of provincial elections in Quebec. His federal mandate is apparently not enough for him and so he did not fail to sermonize people who, after all have been given a mandate different from his own and which entrusts them, and them alone, with the responsibility for managing the affairs of the province. Does it mean that his provincial leader is so weak that he needs an alter ego in Ottawa to help him strengthen his positions?

Be that as it may, I do not intend to follow suit. In spite of my regard for the Quebec government, I have always endeavoured to rely on my own convictions in setting the course I should follow in this house. This I have chosen and still choose to do, out of regard for the mandate entrusted to me by the people of Bellechasse, a mandate which prompts me to adopt a federal and constitutional approach in dealing with the problems we have to consider.

That might well come as a surprise to my good friend of Levis. Indeed, according to the remarks he made yesterday, he seems to think that a man cannot reason on his own, assume his own responsibilities, but has to borrow ideas elsewhere and take his orders from outside.

If that is the hon. member's conception of a political party, and because of the regard I have for him, I refuse to believe that it is—

(Text):

The Deputy Chairman: Order. I have been listening to the hon. member and I should like to remind him that we are discussing a resolution to amend the Trans-Canada Highway Act. I was hoping that he was perhaps making a point leading up to that, and I am sure he will now come back to the resolution before the committee.

(Translation):

Mr. Dorion: Mr. Chairman, I was merely referring to certain remarks made yesterday, but at your kind direction, I will at once revert to the matter under review.

The views I shall express today on the problem we are considering—and this is the first opportunity I have of doing so—are quite personal views that in no way engage the responsiblity of either my colleagues or of the government which has been entrusted with administering Quebec's affairs and whose views, attitudes and inspirations I respect.

The sole object of the legislation before us is, after all, to increase to $400 million the contributions required to complete the trans-Canada highway and to extend to December 31, 1963, the period required for its completion. The resolution says no more and no less. It does not at all raise the

matter of principle; it merely ensures that the project undertaken under a 1949 act, will not come to a halt and that the federal government that took it over will carry out the agreements made with nine of Canada's ten provinces.

How could we shirk the responsibilities undertaken by parliament, and attempt to terminate, by unilateral action, the agreements that were signed with the provinces? That alone would be reason enough to justify our support of the resolution.

I might perhaps let it go at that. However, having long since learned to face my responsibilities, I shall go even further and say that, in view of the wording of the 1949 act, I doubt that its provisions are contrary to section 92 of the 1867 constitutional act. Though the act does not expressly refer to the exceptions provided in paragraph 10 of section 92, it is fully in accord with the spirit of that paragraph.

Indeed, the primary purpose of the trans-Canada highway is to link the various provinces together by means of a motor highway, so that any Canadian may drive over it from coast to coast right in Canada, without occasional detours over United States highways. Now this primary object, and I think this is the main point—is in my view fully within the spirit of the exceptions provided in paragraph 10 of the said section 92.

It is quite normal that this legislation should have caused misgivings to the government of the province of Quebec, especially when we consider the centralization context existing at the time this act was adopted. It must be admitted that in the meantime the atmosphere has definitely cleared up.

Indeed, last year, when some hon. members of this house who had met with success in the province of Quebec by arousing dissentions and bickering—that is how they understood national unity—were doing all they could to blast the position of the government of the province of Quebec, the hon. member for Vancouver Quadra (Mr. Green), then minister of public works, gave them this answer, and I quote:

> I merely say that in the province of Quebec, there is a first-class highway. The Canadian public is not inconvenienced in any way because Quebec has not seen fit to participate in any way in this program. That province has its rights under the British North America Act, and if the men who happen to form the government of the province see fit to follow a policy, then I doubt very much the wisdom of attempts being made in the house to blow up a storm in the province of Quebec either on this measure or on any other.

In other words, the hon. minister recognized that each government had to take its own responsibilities, and that he would surely not intervene in charting the course of the policy taken by Quebec or any other province.

Besides, when this legislation was adopted, it seemed that the concern felt by the government of the province of Quebec was being shared, to some extent, by the hon. member for Levis (Mr. Bourget). According to the speech he made in this house on November 28, 1949, he would not have agreed to the federal government paying the full cost of the highway, as this might have given the federal government property rights and control over the highway. Here is, in fact, what he said on November 22, 1949:

> Well, under the circumstances, it would be easy to infer that in letting the federal government pay 100 per cent of construction costs, and later pay for maintenance, it would be a recognition of the federal government's jurisdiction over this highway. Although I am neither a lawyer nor an expert on constitutional issues, I think we all agree that the question of provincial roads, legally speaking, belongs exclusively to the provinces, even if parts of those provincial roads have to be used for the trans-Canada highway.

When the member for Levis was expressing such fears, why should not our rulers in the province of Quebec, who were more directly concerned with the administration of the province, entertain similar fears?

In a country with a British constitution, it is so dangerous to set a precedent and therefore a rule which, despite the terms of the constitution, eventually takes on a permanent character.

Then too, it does seem that, because of his long tenure in parliament, the hon. member for Levis is indulging a tendency to appeal to precedents in urging the federal government to venture farther and farther afield into ways and by-ways fraught with perils for the rights and freedoms of the provinces.

In fact, here is a suggestion he made yesterday, which make us believe that the hon. member has already cast aside the caution he expressed in 1949. I quote from yesterday's *Hansard*:

> The minister has no doubt been informed of the statement made by the president of the Canadian Construction Association who, speaking before members of that association at Calgary, in early January, suggested that a federal-provincial conference should be held this year to consider the national highways problem. He also added that, in his opinion, members present at this important meeting must work in close co-operation with Ottawa and the provinces.

On the other hand, according to the answer given by the Prime Minister (Mr. Diefenbaker) to the hon. member for Assiniboia (Mr. Argue), some time ago, no official talks, so far, have been opened with the provinces in connection with that project. In my view, it is high time such a meeting were called, because two or three western provinces have already completed their highway, and it would be desirable that plans be made for the construction of highways, that would be of national interest.

Of course, I should be ill-advised if I stated an opinion on a project about whose nature or general character we know nothing; however, in my opinion, it is a project about which we should be cautious. As remarked by Mr. Pierre Vigeant in *Le Devoir* for July 23, 1959, certain federal undertakings should not be regarded as precedents justifying the government in taking up highway construction, which except in extraordinary circumstances, is under provincial jurisdiction.

Of course, the exceptions provided under paragraph 10 of section 92 are most insidious, and of such a nature as to give rise to all sorts of misunderstandings and interpretations. Already, on March 18, 1912, a senator whose opinion our hon. friends of the opposition would no doubt hesitate to disclaim, Sir Richard Cartwright, expressed himself very clearly on that point, in a debate of this nature, and I quote from the *Hansard* of the Senate for March 18, 1912, page 517:

What are those exceptions?

He is referring of course to the exceptions provided under section 92, paragraph 10, of the British North America Act of 1867:

What are those exceptions? Lines of steam and other ships, lines of steamships between the provinces, and lastly, such works situated within the province which are declared to be for the general advantage of Canada. I know how easily legal gentlemen of experience can drive a coach and four through any act of parliament that was ever drafted, and I suppose that it would be technically possible for the hon. gentleman to declare all these small roads, wherever they may be, to be works for the general advantage of Canada. Very possibly the courts might sustain that view, but I submit that no greater abuse of the provision could possibly be imagined than declaring local works of that kind to be for the general advantage of Canada.

The cautionary measures just quoted remain amazingly timely, and I believe that all members of this house should ponder and heed them. Was it not because of the exceptions under section 92, that, in 1954, in the case of the attorney general Ontario *v.* Winner—a case that was referred to this afternoon—was it not because of those exceptions that the privy council decided that interprovincial road transport is not under provincial jurisdiction and is entirely under federal authority?

They are exceptions that the federal legislator should resort to only with extreme caution and circumspection if he genuinely wants to safeguard the federative character of our constitution and, above all, if he really wants to preserve and to foster peace and harmony between the Ottawa government and the provincial governments, and between the various schools of thought which characterize the people of Canada.

Mr. Habel: Mr. Chairman, may I say that I have been most interested in the remarks of the hon. member who has just spoken. It was certainly a masterly speech from a constitutional point of view. As an expert on the Canadian constitution, the hon. member for Bellechasse (Mr. Dorion) has said all that needs be said to explain and justify the vote of the Conservative members from Quebec on this resolution.

Coming back now to the resolution itself, I must say I am a bit disappointed that, on the occasion of this amendment to the Trans-Canada Highway Act, the minister failed to give greater consideration—notwithstanding the views of my friend the hon. member for Port Arthur (Mr. Fisher)—to the construction of a second trans-Canada highway.

I think the house will be interested to know that there is now, in Canada, an essentially trans-Canadian highway. I refer to the road linking Manitoba with Port Arthur and Fort William, and then running through to Longlac, Hearst, Cochrane, North Bay, and from there to either Toronto or Montreal.

(Text):

Progress reported.

THE ROYAL ASSENT

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

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

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

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of Janet McMillan Sim Sinclair Kerr.

An act for the relief of Jacqueline Joly Mazurette.

An act for the relief of Shirley Evelyn Ellis Bertram.

An act for the relief of Sally Emden Rohr.

An act for the relief of Barbara Steinberg Shapiro.

An act for the relief of Olga May Hospadaruk Edwards.

An act for the relief of Georgette Rosenberg Korman.

An act for the relief of Donald Snowdon.

An act for the relief of Mary Nisbet Clements.

An act respecting the Canadian Public Health Association.

An act respecting The Algoma Central and Hudson Bay Railway Company.

An act to amend the National Housing Act, 1954.

An act to amend the Indian Act.

An act to amend the Canada Elections Act.

An act to amend the National Energy Board Act.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1961.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1960.

BUSINESS OF THE HOUSE

Mr. Martin (Essex East): Is there any change in the course of business today?

Mr. Churchill: There are four items available for discussion tomorrow—the resolution concerning the Federal-Provincial Tax-Sharing Arrangements Act and the resolution concerning the Trans-Canada Highway Act among them. If these should be completed, there are the two resolutions in the name of the Minister of Northern Affairs and National Resources dealing respectively with the Yukon Act and the Northwest Territories Act.

Mr. Martin (Essex East): No change in the rest of the business for today?

Mr. Churchill: No. Tonight we continue with the budget debate.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Donald M. Fleming (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said:

(Translation):

Mr. Speaker, for a third time it is my honour and privilege to present to the house the annual budget.

In presenting my first budget on June 17, 1958, I drew attention to the fact that never since confederation had any portion of the budget speech been delivered in this house in the French tongue. I expressed surprise that in a parliament with two official languages enjoying complete equality every portion of the budget speech had always been delivered in English. Within my acknowledged limitations I departed from that practice in 1958 and again in introducing my second budget a year ago.

Tonight I am going to take a step further and open my remarks in the French language which has so gracefully adorned the proceedings of this house and holds a secure constitutional position in the Canadian parliament.

As on the two previous occasions, I shall begin with a review of economic conditions over the past year and an indication of what I regard as the likely trends to be expected during the new fiscal year. I shall report to the house on the government accounts, on dominion-provincial relations and on our debt management measures, then proceed to review our financial plans for the new fiscal year and the tax policy on which they are based. Finally I shall outline the tax proposals which are embodied in the resolutions which I am introducing this evening.

(Text):

ECONOMIC REVUE

Twelve months ago when I introduced the last budget we were emerging from a recession. Our fiscal and other related policies at that time were based upon an expectation of continued and accelerating recovery. In these circumstances we believed we should move in the direction of a balanced budget at a pace which would resist inflation and at the same time encourage a healthy rate of balanced growth. Looking back over the fiscal year which ends tonight, I think we can take satisfaction in the results. In spite of a period of credit strains and in spite of some unfortunately prolonged industrial stoppages both at home and abroad Canada has had a good year. A gratifying degree of price stability has been achieved, and employment, production, incomes and trade have all shown healthy increases. We can look forward optimistically to another year of solid expansion and balanced growth.

I shall not attempt a detailed review of economic developments of the past year; the

budget white paper tabled yesterday covers these fully. Rather, I shall touch on some of the highlights and examine the prospects for 1960.

Last year we emerged from a recession which had been caused by a number of factors; capital expenditures by business, especially in industries producing raw materials for export, had declined; business investment in inventory holdings had fallen sharply from levels which had been high in relation to business sales; and export incomes, previously increasing, had levelled off for two years because of a reduction in demand in other parts of the world. The government had fought this recession by measures to sustain consumer demand, by stimulating housing, by increasing government investment, by augmenting transfer payments to other levels of government and by many other means.

The decline was reversed late in 1958 and gave way to expansion last year. Capital expenditure by business, especially on machinery and equipment, increased throughout 1959 and in the last half of the year was running at a rate well above that of the low point of the recession. The survey of business intentions released by my colleague the Minister of Trade and Commerce a few weeks ago indicates that this upward trend will continue throughout 1960.

As business conditions improved, first in the United States and later on in western Europe, our exports began to increase and toward the end of the year accelerated sharply. In 1959 we exported more than $5 billion worth of goods for the first time in our history. Exports to the United States showed the greatest absolute gains, but in the latter half of the year the most rapid rates of increase took place in exports to overseas countries. In the fourth quarter the rate of our total exports of goods, seasonally adjusted, was 12 per cent above the rate in the first quarter of 1959.

With rising exports and greater business investment, Canadian incomes increased. Consumer expenditures continued to grow and outlays on housing were very close to the record rate of the previous year. Expenditures by provincial and municipal governments on goods and services increased. The federal government slightly reduced its own outlays on goods and services, but increased its transfer payments to the other levels of government.

With the general improvement in business, there was no longer any liquidation of inventories, such as had taken place in 1958; instead businessmen added to their stocks to keep pace with rising sales. In 1958 the liquidation of business inventories had amounted to $323 million, while last year there was a net accumulation of $355 million, a reversal which increased demand by a total of $678 million.

Reflecting all these and other influences, the gross national product in 1959, according to our present preliminary estimates, rose to $34.6 billion compared with the estimate of $34½ billion upon which I based last year's budget. Accompanying this rise in production was an increase in employment of 2.7 per cent over 1958. Hon. members have seen the recently published February employment figures. The number of persons with jobs was 116,000, or 2 per cent, higher than at the same date a year ago, but as the result of an unusual increase in the number of persons estimated to be in the labour force, the estimate of the numbers without jobs and seeking work was 18,000 higher than a year ago. I am confident, however, that employment will rise as the coming of spring opens up new job opportunities and as the economy continues its upward trend.

The past year was notable for a welcome absence of speculative excesses in production, demand and inventories. I stress this because often in the past such excesses have provided a major cause of recession. Our economic growth has been orderly and balanced. New investment in plant and equipment has been broadly based. Increases in consumer expenditure have moved in line with personal disposable incomes and personal saving was maintained at the 1958 level.

Average per capita wages and salaries of workers in trade and industry reached a new record of $3,773, an increase of 4 per cent over 1958 and of 10 per cent over 1956. Since the consumer price index was only 1 per cent higher than in 1958, there was a very satisfactory gain of 3 per cent in real income.

The balanced nature of our economic growth has contributed to price stability, and price stability in turn, to balanced growth. Like the consumer price index the wholesale price index for 1959 was about 1 per cent higher than in 1958.

In the financial sector 1959 was marked by some disturbances which had subsided by the end of the year. During the first eight months of the year there was an extraordinary increase in the demand for bank loans. In order to meet their customers' demands the banks were heavy sellers of government bonds. At the same time all levels of government continued to be net borrowers although demands for funds, especially by the federal government, were substantially

lower. As a result of all these forces, combined with the effect on Canada of rising interest rates abroad, especially in the United States, bond prices declined and interest rates rose from January to August. Since then short term rates have declined substantially and longer term rates remained steady until recently when they showed a downward trend.

The general public, attracted by higher interest rates and increasingly confident in the determination and ability of the government to combat inflation, provided the savings necessary to meet a large part of these and other demands for capital. Private savings, both personal and corporate, totalled some $6.6 billion, $260 million higher than in 1958 and more than $500 million higher than in 1957.

The high level of Canadian savings has, however, been more than matched by the level of capital investment. During 1959 the equivalent of one quarter of our gross national production went into investment. This proportion is one of the highest among all western countries.

Our capital requirements in 1959, and over the past several years, have necessitated a substantial inflow of foreign capital to supplement our domestic savings. The initiative for this inflow has come in part from our own people who have borrowed abroad, and in part from foreign investors attracted by the nature and the diversity of our resources. This direct investment by foreign entrepreneurs, not only from the United States but also from the United Kingdom and from Europe, is a reflection of strong confidence in our economic prospects and brings into Canada not only capital funds, but also technical know-how, and often also brings with it an assurance of export markets. All told the net inflow amounted to $1,460 million in 1959, about $400 million higher than in 1958, and only slightly above the previous peak of 1957.

This increase in the inflow of capital was, of course, interrelated with the increase in our balance of payments deficit on current account. I wish to comment on this subject. Our current account can be divided into two parts; goods and services, and the movements of these two parts are quite different. In the goods sector our deficit amounted to about half the size of the record deficit of 1956. This improvement reflects the fact that imports were more affected by the intervening recession than were exports, while the recovery of 1959 saw sizeable increases in both. In contradistinction, our deficit on account of services has steadily increased, reflecting higher dividend payments on successful investments by non-residents in Canada, higher interest payments, business fees of one kind and another, and increased travel and expenditure by Canadians abroad. In 1959 this deficit exceeded one billion dollars.

Putting goods and services together, they add up to the total of $1,460 million. This deficit is reflected by, and is a reflection of substantial continuing imports of capital. I do not mean to say that we use all of the money we borrow abroad to import machinery and other forms of capital equipment. We produce domestically many of the goods and materials used in our investment program, and the composition of our imports reveals only a partial picture of that program. What is significant is the use we make of all our resources, including the product of our own labour and equipment, and what we obtain as a result of our foreign transactions. What is important is that a substantial portion of these resources should be put into new capital investment, rather than into consumption, and that this new investment should be of a character that will promote the efficiency and productivity of our country. Broadly speaking, I believe that these objectives are being attained.

However, as my colleague the Minister of Trade and Commerce has said, we must not be complacent. Basically our attention must be directed to our spending and investing habits. Our standard of living has increased to a level undreamed of a generation ago. Our people have demanded social security, services and facilities from all levels of government on an expanding scale. Along with our investment program, this scale of expenditures has required a heavy outlay of resources, both physical and financial. In spite of a rate of saving which is higher than that of almost any other country in the western world, we have not been able to supply all these resources ourselves. The inflow of capital and the accompanying balance of payments deficit reflect this underlying situation.

Any inflow of capital raises questions as to ownership and control of Canadian industry and resources, and also the question of the servicing of debt. As to ownership and control, this government's position is clear. We welcome capital into Canada if, when here, it is willing to act as if it were Canadian and not as if it were foreign. During the past two years there has been increasing evidence, in many quarters, that foreign capital in this country is becoming increasingly conscious of its Canadian responsibilities. This is a subject that has been vigorously brought to the attention of foreign investors by the Prime Minister and others. It would be better if the desired result were achieved by such persuasion than by legislation.

As to the servicing of external debt, I have already explained that a very large proportion of our national output consists of additions to our national stock of capital equipment which increases our total productivity. The inflow of capital has contributed to the growth of our gross national product. Over the years of our history economic growth has taken place at a faster rate than the additional net financial indebtedness to the outside world which has been incurred in the course of achieving it, and our ability to service this foreign debt has correspondingly improved.

From the mid-1920's to the outbreak of war in 1939 our net foreign indebtedness was equal to or exceed our gross national product. During the war years and in the immediate post-war years we made very large loans, amounting in total to more than $2.5 billion, to our friends and allies overseas and to new international financial institutions. In the same years we had to defer much of the maintenance and most of the expansion of our social capital, while at the same time all levels of government in Canada were progressively paying off or buying back large amounts of foreign-held debt. As a result by 1950 our net foreign indebtedness was equal to less than one quarter of our gross national product.

Since 1950 we have been expanding very rapidly in resource development, in secondary industries, and in augmenting and modernizing our social capital, at rates considerably in excess of our domestic rate of saving. In this period the rate of increase in our net foreign indebtedness has exceeded the growth in national output, and the ratio of net foreign debt to gross national product is currently about 45 per cent. Thus in relation to our national product our net foreign indebtedness is today less than half what it was before the war and our ability to service it is correspondingly greater. The net cost of servicing our external debt in 1926-1930 represented more than 4 per cent of our gross national product; in 1950 it was just over 2 per cent, and in 1959 it was just under 1½ per cent. I do not anticipate that, if we manage our affairs prudently and properly, Canada will indefinitely continue to rely on capital from abroad as heavily as in the last few years. I expect that our need for capital from abroad, while fluctuating from year to year, will continue to decline in relation to our economic development and growth.

Admittedly, if a situation were to arise in which the economic environment or the financial climate deteriorated rapidly and radically, there would indeed be problems associated with past capital inflows, but happily that is not the situation in Canada, today.

We have been following constructive and realistic policies in matters of trade and finance, policies appropriate to present and foreseeable circumstances. What are the alternatives to such policies? A program of government controls? The imposition and enforcement of import restrictions and quotas? Individual restraints upon Canadians desiring to travel abroad and on the amount of money they could take with them? The creation of a centralized capital issues committee which would dictate to provinces, municipalities and to private business as to where, when, on what terms and how much they could borrow? I have only to list a few of these questions to indicate the obvious reply. They may be justifiable in the midst of a national crisis. In peace and prosperity, in a free society, they are not warranted. Indeed, some of them would be unconstitutional. Moreover, I believe that some of these so-called remedies would actually cause the disease that they are supposed to prevent or cure. Government controls, by interfering with freedom, cause confidence to falter, initiative to freeze, and capital to take flight.

Canadians can increase their own domestic capital and make this country financially more self-reliant if they are prepared to practise increased efficiency, productivity and thrift. This responsibility falls on all levels of government, private business and individuals.

We must place emphasis on greater productivity and efficiency rather than on sheer size, on cost control rather than on price increases, on greater saving rather than on excessive consumption. I have every hope that in the mood of renewed confidence in the soundness of our currency, and in the absence of shortages of goods, both business and the public at large will be disposed to review more carefully their spending programs.

In saying this I am fully aware of the role of leadership that falls to the federal government. It is the responsibility of the government to try to establish the conditions of financial balance within which the endeavours of others can be carried out successfully. Let me assure hon. members that the government is discharging this responsibility.

In the post-war years, in this country as in others, there has been a serious threat of inflation. Some people were actually led to suppose that chronic price increases were inevitable; others even suggested that they were desirable, or at least less undesirable

than some imaginary alternatives. Let us give no quarter to such defeatist doctrines. Inflation acts like a drug on the economic system. Even small doses breed a craving for more.

One of the most serious effects of inflation is that, like other drugs, it erodes stamina and will power. The will to save, to build carefully and prudently for the future, lies at the heart of sound financial policy, whether it be the financial policy of the individual, the corporation or the government. Saving —voluntary, purposeful, constructive saving —is essential in an economic system dedicated to freedom and progress. Yet it is this sort of saving that inflation most insidiously undermines. As prices rise and stability disappears, the prizes of inflation go not to the worker but to the speculator, not to the saver but to the spendthrift.

To contain inflationary pressures the government has reduced its borrowing and has held a firm check on the expansion of government expenditure. The treasury board has painstakingly reviewed and revised spending programs. As a result of careful scrutiny we are reducing substantially the demands of the federal government on the financial markets and, through them, on the savings of the Canadian public.

If all of us, working and saving together, will increase the total amount of capital available for sound investment in Canada, we can reduce our reliance on foreign resources. In short, we have at our disposal the means to achieve in a positive way, the objectives which negative courses of action cannot hope to accomplish.

There is a related question upon which I should like to dwell for a moment. This is the question of our exchange rate. The external price of our Canadian dollar has been high for eight years now and is currently running about five per cent above the United States dollar. This situation has been brought about mainly as a result of an inflow of foreign capital and reflects the confidence of outsiders in the soundness of the management of our financial affairs. Admittedly it lowers the prices received in Canadian dollars by those exporters who have to sell in world markets at world prices. It also means a lower price in Canadian dollars for many classes of Canadian imports. On the other hand, it lowers the cost of imported raw materials and semi-finished goods used by our manufacturers, and it has helped to keep down our cost of living and cost of producing.

I have said on many occasions and I repeat now that I would welcome the development of circumstances that would reduce the external price of our dollar provided this was brought about by means other than an arbitrary and artificial attempt by the government to work against basic economic forces.

I have seen some references to a demand that the government should deliberately "devalue the dollar". This kind of talk might have been appropriate when Canada was on the gold standard, or even when it maintained a fixed exchange rate. We have not been on the gold standard for half a century and we have not had a fixed exchange rate for a decade.

An attempt by the government artificially to lower the external price of the Canadian dollar would involve borrowing or raising by taxes very large sums of money with which to buy up foreign exchange. It might well be that the government could not reduce the inflow of funds sufficiently without imposing direct controls on capital movements and then on the movement of goods. Apart from the economic objections to such policies it would be a very difficult matter to work out effective technical means of control. Even then the controls would not be effective unless the objective were one which commanded the broad public support which is necessary for general compliance. In other words we would be embarking upon a gigantic financial speculation with no assurance of success.

The exchange value of the Canadian dollar is determined by the free play of the forces of supply and demand. These forces have pushed the rate up, and at some time in the future market forces could drive the rate down. Many people would be happy about such a development, at least if it came about in an orderly manner. However, those who undertake commitments in terms of United States dollars or other external currencies expose themselves to the risk of having to repay at a time when the exchange rate for the Canadian dollar may be quite different from what it is today. This is a risk which the borrower, whether personal, corporate, provincial or municipal must bear himself and is a danger which I clearly wish to stress.

I have referred to the improvement in our exports; we must look further ahead, however, and make every effort to preserve and improve our access to world markets so that Canada's exports, which will remain one of the foundations of our prosperity, can continue to expand.

In recent years the western European economy has been enjoying particularly rapid and substantial growth. More than one quarter of our exports go to western Europe including the United Kingdom. A prosperous, politically stable and expanding European economy will

provide increasing opportunities for profitable Canadian trade. We have been concerned, however, with the possible political implications of economic disagreements within western Europe. We need also to take all practicable steps to ensure that our trading position is not adversely affected.

We have therefore been giving very close attention to the problems that are arising from the emergence of the two regional trading groups in Europe: the European economic community of six countries and the European free trade association of seven countries. We have been anxious that these arrangements should not lead to inward looking and discriminatory practices and should not weaken the world wide trading system which has been built up so patiently and so successfully in recent years. We are therefore seizing every opportunity to put forward the Canadian point of view at meetings with representatives of these groups and with our other trading partners. Moreover, we are participants with the European countries and the United States in discussions relating to, and have declared ourselves ready to become members of, a reconstituted organization for economic co-operation and consultation, O.E.C.C.; and further we will press that such organization shall subscribe not only to the principles of the international institutions governing trade and payments but also that members shall honour their obligations in these institutions. In particular, we are continuing to urge European countries to resist the growth of European tariff discrimination by extending their tariff reductions to other countries on a most favoured nation basis. We have found that our views are shared by many countries in other parts of the world, and particularly by those in the commonwealth. The general tariff conference of the contracting parties to the GATT which is to be convened next September will provide an opportunity for a further reduction in world trade barriers and new opportunities for Canadian exporters.

I have dealt at some length on our external position because of the bearing which it has on our domestic situation. So long as our access to foreign markets is unimpaired and we are able to keep the costs and the quality of our products and services thoroughly competitive, we need have no fears for the future. The economic expansion which Canada is now experiencing is soundly based; incomes are rising and we have demonstrated a willingness to save; relative price stability seems reasonably assured; business confidence is high, and capital investment is expanding; our export prospects are bright. I expect that the forces of expansion will continue during 1960, and that the rates of increase we have experienced in 1959 should be maintained throughout the year. Within this framework I am basing my forecast of 1960-61 revenues on an increase in the gross national product in 1960 of about 6 per cent, or to a record level between $36½ and $37 billion dollars.

GOVERNMENT ACCOUNTS 1959-60

The government's accounts for the fiscal year that ends today are set out in detail in the white paper tabled yesterday afternoon and I propose to refer to them only very briefly now. I should, however, remind hon. members that the figures I use tonight as well as those in the white paper are preliminary and subject to change. The final figures will not be available until next July or August after the accounts for the year have been closed and audited.

The house will recall that in my budget speech last April I budgeted for revenues of $5,267 million, expenditures of $5,660 million and a deficit of $393 million. On the basis of figures in the white paper it is now estimated that our revenues for the fiscal year were $5,301 million, our expenditures $5,707 million and the deficit was $406 million.

Revenues, expenditures and the total deficit all were very close to forecast. Revenues were $34 million or two thirds of one per cent higher than last April's budget estimate; expenditures were up $47 million or three fourths of one per cent more than forecast; and the deficit which was forecast at 7.5 per cent of revenues has turned out to be 7.7 per cent of revenues. Defence expenditures were $175 million less than forecast but this was more than offset by increases of $87 million for higher charges for interest on the public debt, $50 million for larger subsidy and tax-sharing payments to provinces, and approximately $55 million for various payments in connection with our agricultural and farm assistance program.

Over and above these expenditures that are charged to the budgetary accounts we have under authority of parliament disbursed considerable sums for loans, advances and a number of other essential purposes. These included loans of $325 million to Central Mortgage and Housing Corporation, $233 million to the C.N.R.—which, however, repaid $489 million on account of these and earlier loans from the proceeds of public issues of government guaranteed C.N.R. bonds—$30 million to the farm credit corporation, $23 million to the St. Lawrence seaway authority and $21 million to the Northern Canada power commission. During the fiscal year these

disbursements amounted in all to $945 million. To meet these outlays $942 million was available from the repayment of loans, net annuity insurance and pension receipts and other sources. Thus a net amount of $3 million was required for all these non-budgetary transactions. This compares with a net cash requirement of $664 million to finance our non-budgetary transactions in the previous fiscal year.

The budgetary deficit of $406 million and the net amount of $3 million required for non-budgetary transactions have been financed by an increase of $333 million in the government's outstanding unmatured debt and by a decrease of $76 million in our cash balances. Combining the net new issues of C.N.R. guaranteed bonds, the net new issues of direct government of Canada bonds and the reduction in our year-end cash balances, our total net cash requirements for the year have turned out to be $900 million.

OLD AGE SECURITY

At this point I should like to report briefly on the old age security fund. As hon. members know, the Old Age Security Act provides a pension of $55 a month to every eligible person 70 years of age or over. Prior to last year these payments were financed by contributions of 2 per cent on corporate and personal incomes, with a maximum contribution of $60 on personal incomes, and a 2 per cent sales tax. Under last year's budget, these contributions were raised from 2 to 3 per cent to take effect January 1, 1959, for corporate incomes; July 1, 1959, for personal incomes, with a maximum contribution of $90, and April 10, 1959, for the tax on sales.

During 1959-60, pension payments from the fund totalled $574 million and revenues credited to the fund amounted to $550 million. The deficit of $24 million for the fiscal year was covered by a temporary loan.

May I insert in *Hansard* at this point, Mr. Speaker, table 1—showing the contributions and pension payments under the Old Age Security Act for the last four years.

Mr. Speaker: Has the minister leave to have this table inserted at this time?

Some hon. Members: Agreed.

[*Editor's note: The table referred to is as follows:*]

TABLE 1

OLD AGE SECURITY FUND
(in millions of dollars)

	1956–57	1957–58	1958–59	1959–60
Contributions—				
Personal income tax	125.0	135.0	146.4	185.6
Corporate income tax	67.3	60.7	55.3	91.3
Sales tax	179.3	175.8	173.6	273.0
	371.6	371.5	375.3	549.9
Pension payments	379.1	473.9	559.3	574.0
Deficit	7.5(1)	102.4(1)	184.0(1)	24.1(2)

(1) Charged to budgetary expenditure under appropriation by Parliament.
(2) Temporary loan from the Minister of Finance.

DOMINION—PROVINCIAL RELATIONS

(Translation):

Mr. Fleming (Eglinton): During the past year there have been important developments in our financial relations with the provinces. On July 6 and 7, 1959, the newly created dominion-provincial committee of ministers of finance and provincial treasurers met in Ottawa to discuss a wide range of subjects connected with these financial arrangements and to make provision for their systematic study. This committee met again in Ottawa on October 15 and 16 for further discussions. At the October meeting I informed the provincial treasurers and ministers of finance that it was the intention of the government to ask parliament at this session to approve legislation continuing for a further two years the increase from 10 per cent to 13 per cent in the provincial share of the yield from the personal income tax.

As hon. members are aware, this legislation is at present before the house. This measure also contains important provisions relating to university education and federal-provincial co-operation. A solution has been offered which takes into account the

long-standing objection of the province of Quebec to payment of federal grants to the universities of that province. The alternative provided in the measure will enable any province to replace the present federal grants to universities by additional provincial grants without placing greater burdens on its taxpayers and without increasing the cost to the federal treasury.

At the October meeting of the committee of ministers of finance and provincial treasurers, I also stated that it would be the intention of this government to arrange for a dominion-provincial conference of prime ministers and premiers in mid-1960 to discuss federal-provincial financial relations for the period after the expiry of the present agreements March 31, 1962. As hon. members are aware, the Prime Minister on March 24, wrote to all the provincial premiers inviting them to a plenary conference in Ottawa, July 25-27 of this year. We hope that this meeting will make a further major contribution to the achievement of harmonious fiscal relations between the dominion and the provinces.

(Text):

From a budgetary standpoint our fiscal relations with the provinces are extremely important since the amounts paid to or for the provinces absorb nearly one quarter of our total federal revenues. I should like to place on record table 2 showing the cost to the federal treasury in recent years of our fiscal arrangements with the provinces. This table includes unconditional payments and tax abatements as well as conditional grants and certain closely related payments, the grants to universities and the grants to municipalities in lieu of taxes. It will be seen that the total amounts paid or abated to the provinces have approximately doubled over the past four years.

Mr. Speaker: Has the minister leave to have this table inserted in *Hansard?*

Some hon. Members: Agreed.

[*Editor's note: The table referred to is as follows:*]

TABLE 2

FEDERAL CONTRIBUTIONS TO THE PROVINCES
(in millions of dollars)

	1956–57	1957–58	1958–59	1959–60 (preliminary)	1960–61 (estimated)
A. Unconditional Payments—					
1. Statutory subsidies	22.8	22.0	21.6	21.4	21.0
2. Tax abatements (estimated)	157.4	275.6	275.1	299.6	335.8
3. Tax rentals	365.9	213.8	249.0	278.6	290.1
4. Equalization (including stabilization)		139.5	149.1	180.7	181.5
5. 50 per cent share of income tax on power utilities	6.6	7.4	8.7	9.0	9.0
6. Atlantic Provinces adjustment grant	—	—	25.0	25.0	25.0
7. Term 29 award (Newfoundland)	—	—	13.6	7.3	7.7
Sub Total	552.7	658.3	742.1	821.6	870.1
B. Conditional Payments—					
8. Agriculture	.8	1.0	1.9	8.2	1.8
9. Health	36.4	34.6	46.1	46.0	40.2
10. Hospital insurance	—	—	54.7	149.8	167.0
11. Welfare	38.4	48.1	73.7	86.9	90.3
12. Vocational training	4.0	4.2	7.6	8.5	8.4
13. Highways and transportation	26.9	50.9	53.7	58.1	53.0
14. Resource development	2.9	4.4	8.7	16.0	12.4
15. Other	1.6	1.6	1.7	9.8	15.9
Sub Total	111.0	144.8	248.1	383.3	389.0
C. Payments for the benefit of provincial institutions—					
16. University grants	16.0	16.6	25.5	26.1	19.0
17. Grants to municipalities in lieu of taxes on federal government property	9.7	17.5	21.9	21.5	22.8
Sub Total	25.7	34.1	47.4	47.6	41.8
TOTAL	689.4	837.2	1,037.6	1,252.5	1,300.9

Mr. Fleming (Eglinton): The preliminary figure for the cost to the federal treasury of unconditional payments and tax abatements to the provinces in 1959-60 is $822 million, an increase of $80 million over the previous year and $163 million higher than in 1957-58. It is estimated that there will be a further increase in cost for 1960-61 of $48 million. Of the estimated increase of over $200 million in unconditional payments and abatements between 1957-58 and the fiscal year 1960-61, more than one half is the result of new payments or changes in the basis of payment or abatement. The increase in the provincial share of the yield from the personal income tax from 10 per cent to 13 per cent, which has benefited the provinces by $120 million in the past two years and it is estimated will mean a further $68 million to them in 1960-61, by itself accounts for approximately one third of the total increase.

Conditional payments to the provinces were also substantially higher in 1959-60, increasing by $135 million to a total of $383 million. Seventy per cent of this large increase was the result of increased contributions under the Hospital Insurance and Diagnostic Services Act as more provinces participated in the scheme. There were, however, also large increases in grants for welfare and resource development. It is estimated that there will be a further increase of $6 million in conditional payments in 1960-61.

DEBT MANAGEMENT

In reporting to the house a year ago on the management of our public debt I pointed out that the large conversion operations undertaken during the summer of 1958 had removed a source of heavy pressure on the bond market and that by substantially lengthening out the average term of our debt a sound debt management policy could be developed and carried forward.

Public debt transactions during 1959-60 included the issue, refinancing and redemption of a large volume of government securities. However, as a result of the successful conversion loan operations undertaken during 1958 the volume of debt transactions in 1959-60 was considerably less than in the previous year.

During the year now ending we have sold $1,048 million of new marketable bonds and we increased the outstanding issues of treasury bills by $530 million. In the same period we paid off $1,550 million of market issues so that the total volume of direct government of Canada marketable issues outstanding at the end of the year is only $28 million higher than at the beginning. In addition we sold $1,445 million of new Canada savings bonds and paid off or redeemed $1,170 million of earlier Canada savings bonds.

After taking into account the net decrease of $20 million in bonds held in our securities investment and sinking fund accounts, the unmatured direct debt held outside these government accounts was $333 million higher at the end of the fiscal year than it was at the beginning. This compares with an increase of $1,439 million during the previous year and is an indication of the progress we have made.

With the consent of the house, Mr. Speaker, may I insert here three tables showing the size, distribution, average term and total interest cost of our public debt over the past 10 years?

Mr. Speaker: Perhaps the house would give consent at this time to the insertion of such tables as the hon. minister proposes to use

Some hon. Members: Agreed.

[*Editor's note: The tables referred to are as follows:*]

TABLE 3

GOVERNMENT OF CANADA

Gross and net direct debt

—	Funded Debt	Total Debt	Net Debt	Net Debt Per Capita	Net Debt As per cent of G.N.P.
	($ billion)	($ billion)	($ billion)	$	
March 31					
1950	15.2	16.8	11.6	849	71.3
1951	15.0	16.9	11.4	816	63.5
1952	14.7	17.3	11.2	774	52.8
1953	14.8	17.9	11.2	752	46.5
1954	14.6	17.9	11.1	727	44.4
1955	14.5	18.0	11.3	717	45.3
1956	15.4	19.1	11.3	701	41.6
1957	14.4	18.3	11.0	664	36.0
1958	14.2	18.4	11.0	648	34.8
1959	15.6	20.2	11.7	669	35.8
1960	15.9	21.0	12.1	681	34.9

TABLE 4

GOVERNMENT OF CANADA

Interest Cost of Gross and Net Direct Debt

Year ending March 31	Interest paid on total debt	Interest and other earnings from Investments	Net Interest Cost	Net Interest as p.c. of net debt
	(millions)	(millions)	(millions)	
1950	$440	$ 92	$348	3.00
1951	425	90	335	2.94
1952	432	118	314	2.80
1953	451	117	334	2.98
1954	476	152	324	2.92
1955	478	134	344	3.04
1956	493	149	344	3.04
1957	520	207	313	2.85
1958	539	169	370	3.36
1959	606	221	385	3.30
1960	738	239	499	4.13

TABLE 5

GOVERNMENT OF CANADA

Maturity and Distribution of Direct and Guaranteed Debt

December 31	Average term of Debt* Years	Amount of Debt held by			P.C. held by Gen. Public
		Banks	Government Accounts	General Public	
		($ millions)			
1950	8.1	5,093	847	9,952	62.6
1951	7.5	5,052	1,009	9,273	60.5
1952	6.8	5,176	1,102	8,909	58.7
1953	6.2	5,184	1,314	9,139	58.4
1954	7.2	5,633	1,204	8,629	55.8
1955	6.3	5,540	1,491	8,969	56.1
1956	6.6	4,950	1,518	8,766	57.5
1957	6.0	5,104	1,367	8,693	57.3
1958	10.3	6,190	1,258	8,968	54.6
1959	9.5	5,488	929	10,720	62.6
1960 (Mar. 23)	9.4	5,487	840	10,990	63.5

* Excluding Canada Savings Bonds and Perpetuals.

Mr. Fleming (Eglinton): These tables show that at the end of the current fiscal year our net debt is $12.1 billion, which is about $400 million higher than it was at the beginning of the year. In per capita terms it was $849 ten years ago, $717 five years ago, and has now dropped to $681. As a percentage of gross national product our net debt at 34.9 per cent now stands at a lower figure than for any previous year except 1958.

Last year I mentioned the decline in the holdings of Canada bonds by the general public that had been going on more or less steadily since the end of the war, but noted that since September 1958 there had been a sharp reversal of this trend. I am very pleased to report tonight that during the past year the general public's holdings of Canada bonds have continued to increase and that they are now $1.5 billion more than at March 31, 1959, and $3 billion more than on September 30, 1958. The latest figures show that the holdings of the general public are now 63.5 per cent of the total outstanding funded debt compared with 62.6 per cent at December 31, 1959, and 57.8 per cent at June 30, 1957.

Net interest payments over the whole year amounted to 4.13 per cent of our net debt at the end of the year, as compared with 3.30 per cent in the preceding year. This rather sharp increase is largely due to the fact that the net debt mounted rapidly during the latter part of 1958-59, and interest on the increased debt was paid for only part of that year. In 1959-60 interest on this increased debt was paid for a full year. The average interest rate on our total unmatured debt stands today at 3.96 per cent compared with 3.54 per cent a year ago.

GOVERNMENT ACCOUNTS 1960-61

I turn now to the budget prospects for 1960-61. The main estimates for the fiscal year totalling $5,740 million were tabled early in February. In addition there are bound as usual to be some supplementary estimates. Provision will have to be made for the C.N.R. deficit for 1960, although I expect this will be somewhat less than the 1959 deficit, and I must assume that there will be some payments under the agriculture stabilization act and also some additional statutory expenditures.

Offsetting these there will be some lapsings in appropriations although these are likely to be less than in previous years because of the very careful and exacting scrutiny of departmental estimates made by the treasury board this year. As I said on tabling the main estimates, although we have provided for sustaining and in some cases increasing the expenditures relating directly to national development in such fields as atomic energy, exploration, scientific research, transportation and communication, controllable costs have been carefully scrutinized and sharply restrained.

There is, however, one substantial additional item of expenditure in prospect which I should report to the house and which relates to the review of salaries in the public service.

When I announced on October 13, 1959 that the government was unable to assume, during the 1959-60 fiscal year, the cost of carrying into effect the recommendations of the civil service commission for increases in the salaries of many classes of civil servants, I stated that:

> The decision taken by the government, in the light of its financial position, will not preclude consideration being given to the special position of certain categories of civil servants as the government's financial circumstances permit.

In conformity with this undertaking, revisions of the salaries of the nursing classes where special conditions obtained were approved by the treasury board on October 15, 1959 and January 28, 1960.

It is now nearly three years since there has been a general increase in civil service salaries. The last general increase was authorized by the present government in July, 1957 and made retroactive to May 1, 1957. In July, 1958 the civil service commission reported that a general increase in salaries at that time was not warranted. A year later, in June 1959, the commission made recommendations to the government covering the great majority of classes in the civil service. This report recommended widely varying increases for several hundred classes of employees. For reasons which I made public last October the government decided that it could not implement those recommendations.

Our public service contains the widest range of jobs and positions, from unskilled labourers to research scientists. The relative pattern of wages and salaries for such diversified groups in a dynamic society changes with the passage of time and with shifts in the economic and social structure. It has seemed to me that instead of embarking upon periodic general wage and salary increases across the board, it would be a more sensible approach to develop a continuous cycle of reviews and recommendations. In this way the salaries of different groups or clusters of related classes of employees can be reviewed in successive months or quarters in the light of rates of pay prevailing in private employment and in the light of our demonstrated capacity to recruit and retain the right number and quality of public servants.

I have discussed this approach with the chairman of the civil service commission and I am given to understand that the commission agrees that there is merit in this suggestion.

We have an excellent public service in Canada. In terms of ability and integrity it compares very favourably with those of any other country. Now that up to date information on the current levels of salaries paid by private employers is becoming available in the form of preliminary reports by the pay research bureau, and as the budgetary situation now makes action possible, the government will accelerate its program of implementing recommendations from the civil service commission affecting a number of classes in the public service where the comparison with outside rates and the recruitment situation justify action.

I am happy to report that the treasury board, taking into consideration the degrees of disparity between civil service salary rates and those of private employers and the problems of recruitment and retention of qualified employees, has now approved recommendations from the civil service commission involving some 50,000 employees of the public service, principally in the clerical and stenographic classes, but also including some of the professional classes, such as meteorologists and veterinarians, where recruitment and retention of the essential number of qualified officers have become increasingly difficult. These revisions in salary ranges will be effective from tomorrow, April 1, 1960 and will involve an increase in expenditure during the fiscal year of about $15 million. Details of these revisions will be made public as rapidly as possible over the period of the next ten days or two weeks.

With the same principles as criteria, a review of all other classes in the public service will be carried out by the civil service commission forthwith and is expected to be completed before the end of the summer. As recommendations are received from the civil service commission, they will be promptly cosidered by the treasury board on a class by class basis.

After considering all the available data and taking into account our unremitting efforts to effect further economies and efficiency in all government activities, I have concluded that our budgetary expenditures for the fiscal year ending March 31, 1961 will be approximately $5,880 million.

This is $173 million higher than our budgetary expenditures for the year now ending. Approximately one third of this increase is in defence expenditures. The other two thirds part is in our non-defence expenditures and is due to higher public debt charges, higher civil service salaries, higher social security and welfare payments reflecting the increase in our population, and increased outlays under the government's programs designed to promote national development.

Revenue forecasting, as I have observed on previous occasions, always presents formidable difficulties. However, on the basis of a projected gross national product of between $36½ and $37 billion for 1960 and in the light of our present information, I have concluded that our present tax structure, with no change in rates will yield $5,892 million in 1960-61. This is $591 million more than our revenues in the past year.

For the convenience of hon. members, may I insert in *Hansard* at this point a table showing my estimate of the past year's revenues and what we may expect to receive in the ensuing year from the present tax structure.

[*Editor's note: The table referred to follows:*]

TABLE 6

REVENUE FORECAST BEFORE TAX CHANGES
(In millions of dollars)

—	Preliminary 1959-60	Forecast 1960-61
	$	$
Personal income tax	1,555	1,750
Corporation income tax	1,140	1,340
Non-resident tax	75	80
Estates tax	88	85
Customs duties	529	580
Sales tax	737	795
Other duties and taxes	626	670
Total taxes	4,750	5,300
Non-tax revenue	551	592
Total revenue	5,301	5,892

With revenues estimated at $5,892 million and expenditures at $5,880 million and assuming no change in our existing tax laws, I should expect a surplus of $12 million for the coming year.

During the coming year I expect the old age security fund to show a small surplus of revenue over expenditure for the first time since the fund was inaugurated on January 1, 1951. Between January 1, 1951 and March 31, 1960, the old age security fund has experienced deficits totalling $630 million. Of this amount over $500 million has been paid off out of general tax revenues and about $100 million was charged in 1954 to our balance sheet reserve against active assets. There remains outstanding now a deficit incurred during the past 12 months of $24 million. Revenues to the fund from the current 3-3-3 formula in 1960-61 will be about $630 million; pension payments after making provision for certain amendments forecast in the speech from the throne will exceed $590 million. If these expectations are realized the prospective surplus will be sufficient to extinguish the presently remaining deficit in the fund.

Before proceeding to discuss the tax policy appropriate to our present and prospective circumstances, I should like to refer briefly to our non-budgetary transactions and our cash requirements for 1960-61. In addition to the expenditures for administrative and other governmental services that are included in our budgetary accounts, we pay out each year substantial amounts of cash as loans to or investments in a wide variety of essential public undertakings. These outlays are not considered as budgetary expenditures as the principal is usually repaid, and, in almost every case, they earn interest or produce revenue for the government.

Against this, we receive each year large amounts of cash that are not recorded as budgetary revenue. For the most part, these consist of repayments of loans made in previous years and moneys received by the government as net premiums, contributions and earnings in connection with annuities, insurance or pension funds.

During 1960-61 we shall probably require about $290 million for housing loans, including new and existing commitments, about $150 million for C.N.R. and T.C.A. capital investment and refunding, and perhaps as much as $100 million for other non-budgetary purposes such as the St. Lawrence seaway authority, the national harbours board, the farm credit corporation and other crown companies. Against this we shall probably have somewhat more than $300 million available from the repayment of loans and from the transactions in our various annuity, insurance and superannuation accounts. Thus the net cash required for all these non-budgetary transactions, excluding the exchange fund requirements, which cannot be forecast, will be of the order of $225 million. With a prospective budget surplus of $12 million, our net cash requirements, including those of the C.N.R. will be about $210 million as compared with $900 million during the year just ended and $1,273 million in 1958-59.

TAX POLICY

As I said a year ago, and as I have repeated in this house and elsewhere on a number of subsequent occasions, sound budget policies must be flexible and adapted to changing economic conditions. The onset of the 1957 recession called for lower taxes, higher expenditures and heavier capital commitments in order to offset the downward trends in the private sector of the economy and the decline in the external demand for some of our basic products; and I put such proposals before the house in December, 1957 and again in June, 1958.

The fiscal policies we followed during our first year in office had a major influence in reducing both the depth and the duration of the recession, and by the third quarter of 1958 the low point of the recession had been passed and the forces of expansion began to gather momentum. By the spring of 1959 recovery was well on the way, and in my budget speech a year ago I recommended to this house policies which were designed to bring us back to a position of budgetary balance as soon as the economy had recovered the losses of the recession and was moving firmly forward and upward to new record achievements in production, employment and investment.

The position we have now reached, with its sound prospect of a fully balanced budget, represents the fruits of carefully designed policies carried forward over the past 18 months. This is not something that has just happened. It is the result of considered aims and efforts. It began with the great conversion loan of the summer of 1958 which made possible a policy of sound debt management which in turn restored public confidence in government credit and in our determination to control the powerful forces of inflation. It was continued in the expenditure controls and the tax changes of 1959, and is reinforced in this year's program of reduced controllable expenditures balanced by the continued promotion of constructive national development.

I am happy to say that we have reached this goal of a balanced budget without the

necessity of recommending any further increases in taxation, indeed at a level of taxation which in relation to gross national product will be lower than in any year between 1950 and 1958.

Another fruit of our policies over the past year and a half is that during the coming year we shall be making very modest claims upon the capital market. Our net new borrowings, as I have already indicated, will be about $210 million. This will greatly ease the problems of provincial and municipal governments and also of private industry in meeting their essential financial requirements in the domestic market. If other levels of government follow similar policies of prudent financial management they too should experience less difficulty than in any recent years in meeting their basic financial needs.

As I said in my opening review of economic conditions, we are anticipating a year of solid expansion and balanced growth. The main forces of inflation are quiescent. We still have, however, some slack in certain sectors of our productive capacity, though I expect to see these diminish as the year progresses. While I look forward to the day when we can undertake a measure of orderly reduction in our public debt, present circumstances do not, in my judgment, warrant an increase in tax rates in order to expedite the retirement of debt.

In the light of all these facts and prospects I am proposing no major tax changes in any fields this year. I shall, however, be recommending to the house a number of technical amendments to our taxing statutes, all of them designed either to remedy certain anomalies that have developed or to close certain loopholes for tax avoidance that have been discovered, or to meet certain other special circumstances.

INCOME TAX

In the income tax field there will be quite a number of technical amendments but I shall refer now only to those of general interest.

I am proposing an increase in the maximum amount of medical expenses that can be deducted in calculating taxable income. The existing limits have remained unchanged for some years, at the levels of $1,500 for a taxpayer of single status, $2,000 for a taxpayer of married status, and $500 for each dependant but not exceeding $2,000 in respect of these dependants. Over a period of years increases have taken place in the costs of medical care and in the accepted standards of medical care. The maximum limits that were once considered appropriate are increasingly found to impose hardships upon people of moderate means. The new limits I am recommending are $2,500 for a taxpayer who is single, $3,000 for a taxpayer of married status, and $750 for each dependant but not exceeding $3,000 in respect of dependants.

I shall also bring forward an amendment to provide a deduction from certain items of income, such as superannuation, pension or death benefits, on account of the estate tax that has been paid on the asset corresponding to that income. This measure is being introduced to alleviate a problem that sometimes affects the financial resources of the widow and the children of a deceased taxpayer. The purpose is to provide relief in certain cases from the so-called double impact of estate tax and income tax, which may deplete unduly the resources of the surviving family.

I am proposing to provide for the appointment of an additional member of the tax appeal board. Concern exists about delays encountered in connection with appeals. The enlargement of the board will implement a proposal set forth in the report of May 8, 1959 by the standing committee on estimates.

I am also bringing forward an amendment to deal with the problems of associated corporations to which I drew attention last year. At that time I said that perhaps it was becoming too easy to divide a corporation into a number of smaller components, each of which may qualify for the low rate of tax on its first $25,000 of income. I indicated that consideration was being given to the possible necessity of introducing some appropriate measure to deal with this method of tax avoidance. In the meantime further study has indicated an amendment of this kind to be necessary.

There are two other highly complex issues relating to the income tax law to which much study has been devoted but in respect of which I am not yet ready to make specific recommendations. I am, however, proposing two separate courses of action.

The first is the question of the application of the income tax law to employees' profit sharing plans. In various parts of the country increasing use is being made of plans by which employers share a portion of the annual profits with employees, thus providing a source of funds to assist the individual to plan for his eventual retirement. Special tax rules for profit sharing plans have been in existence for some time. These rules, however, do not permit employees to defer taxes on amounts contributed to these plans on their behalf. Largely for this reason they have been criticized as being insufficient to allow the fulfilment of the potential social usefulness of profit sharing plans.

My intention in this matter is to follow the precedent established some years ago in connection with the Income Tax Act and more recently with the Estate Tax Act. I propose to introduce toward the end of this session a separate bill which will incorporate a new approach to the taxation of the several components of employees' profit sharing plans. I shall invite the house to give this bill first reading but to proceed no further at this session. This will provide full opportunity for all interested citizens and organizations to study the bill and make their views known to the government. Consideration will then be given to the incorporation of this new approach into the Income Tax Act next year.

The improved facilities to be made available for employees' profit sharing plans will constitute an important piece of social legislation within the framework of the Income Tax Act. In its distinctive way, this will supplement the growing body of social security measures that have been sponsored by the government. It may be that the medium of profit sharing will provide fresh opportunities for capital, labour and management to work out new forms of co-operation amongst themselves in various instances. Neither expense nor obligation will be imposed, however, upon groups and organizations that do not choose to assume them.

The second complex question that requires fresh study and consideration pertains to the designation of surplus under section 28(2) of the act. The central issue is the taxation, as personal income or otherwise, of earnings that are distributed or are available for distribution in various forms by corporations. We shall be undertaking a comprehensive study of these matters during the coming year. I shall welcome considered expressions of view from all interested persons and organizations.

ESTATE TAX

The new Estate Tax Act has been in force since January 1, 1959. It has received general public approval. At the same time experience has indicated a number of points at which it can be improved, and I shall place before the house a number of amendments for this purpose. Most of these will be of a technical nature and on balance they will benefit the taxpayer.

An amendment of general interest will provide for the reopening of the assessment of an estate within a fixed period of years and the refunding of estate tax when, for example, a life annuity is terminated prematurely. It sometimes happens that an important asset in an estate is an annuity to the surviving widow. This annuity may come to an end if she dies or if she marries again. It is nevertheless valued for purposes of estate tax on the basis of the prescribed mortality tables. The proposed amendment will provide that where certain classes of income rights are terminated or altered within four years of the death of the testator, the assessment may be reopened on request and appropriate adjustment made.

SALES AND EXCISE TAXES

I am placing before the house a small number of amendments which will affect the application of the Excise Tax Act.

I am proposing that electric heating equipment designed to be permanently installed as part of a building heating system should be exempt from sales tax. The effect will be to permit this method of household heating to compete for the market on the same terms as other methods of heating.

I am proposing that manufacturers of doors, windows and window frames should be required to pay sales tax on the hardware attached to or sold with doors, windows and window frames unless such hardware is specifically exempt under schedule III of the act. The standard items of hardware that are used with doors and windows are, in fact, listed in schedule III. The purpose of the amendment is to remove some uncertainty that has existed with respect to some special items of hardware. The result will be that the whole group of manufacturers concerned will be more fairly and equitably treated as amongst themselves.

In order to avoid the possibility of misunderstanding I shall mention a comparatively minor amendment intended to prevent private individuals who purchase yachts from avoiding the imposition of sales tax in respect of the materials that are included. This will not affect the commercial shipyards, which will continue as before to purchase materials for the construction of ships free of sales tax under licence.

CUSTOMS TARIFF

I turn now to matters relating to our Customs Tariff. I have six resolutions to place before the house and I shall also be mentioning some new references to the tariff board.

Four resolutions relate to textiles and contain the results of tariff negotiations with other countries designed to give effect to reports received from the tariff board. The reports in question are those relating specifically to cotton and cotton products, to silk, man-made fibres and their products, to textile wastes, slivers, rovings and yarns, and also to wool fabrics other than those covered by tariff items 554b on which action has already been taken.

I should perhaps add that, as the house knows, I received from the tariff board a few weeks ago one further report on textiles relating to hosiery and knitted goods, and within the textile field the tariff board has still to report on a miscellaneous group of products including woollen clothing, hats and caps, coated fabrics, laces and embroideries. Negotiations on these products will be undertaken in due course. Negotiations will also be undertaken in relation to the tariff on record changers on which I have also received a report from the board recently.

The negotiations related to the textile tariff changes proposed tonight were undertaken with seven of the other contracting parties to the general agreement on tariffs and trade, specifically the United States, the United Kingdom, France, Italy, Benelux, Japan and Peru. In addition, consultations with other countries were required under GATT procedures. I am happy to be able to announce that all the necessary negotiations and consultations with all of these countries have been successfully completed.

As the house is already aware, tariff board recommendations often, perhaps usually, include proposals for both increases and decreases in rates of duty. Sometimes it is found in the subsequent negotiations that the other countries concerned are ready to accept the proposed decreases as full compensation for the proposed increases in our tariffs against them. However, in the case of the particular group of textile tariff items negotiated on this occasion, it was found that the increases, of which the most important relates to coloured cotton fabrics, somewhat overbalanced the decreases. Hence, in order to conclude negotiations, we found it necessary to reduce about a score of Canadian tariff rates on items outside the textile field. The implication of this is that the Canadian textile industry is receiving some additional protection, as proposed by the tariff board, but that this is being matched by some reductions of tariffs in other fields. Some of these reductions were requested by Canadian industry while others involve quite small reductions from relatively high rates of duty which should not damage the industries affected.

I mentioned earlier that there were four resolutions relating to textiles and textile negotiations. Much the most important of these covers the substance of our textile negotiations including the additional items outside the textile field to which I have just referred. A second contains changes that are merely matters of form. A third provides for a much-needed definition of "man-made fibres"; this is a technical proposal put forward by the tariff board. A fourth resolution amends an existing drawback item relating to textiles. I should also add that, again in conformity with the board's recommendations, some temporary items established in past years by order in council are being revoked forthwith, while others will be permitted to expire on June 30 of this year.

Two further resolutions cover miscellaneous tariff changes, of which there are 15. This is an unusually small number and I should explain that this year, in considering requests for tariff alterations, we had very much in mind the fact that in the autumn an important round of tariff negotiations under GATT will be initiated. In a good many cases we decided that it would be imprudent to take action on the Canadian tariff in advance of these negotiations. Many of the proposals that have been put to us during the past year for changes in tariff rates may find some place in the forthcoming negotiations.

In these two resolutions covering miscellaneous changes, the only alterations to which I might call attention are those relating to instant potatoes and seismograph bits. Production in Canada of both these items has only recently commenced, and it is proposed to provide for modest rates of duty.

The six resolutions together propose changes in 123 tariff items. Of these changes 20 are purely formal; they simply involve the renumbering of existing items as a matter of convenience. A further 49 involve changes in nomenclature without alteration in the rates of duty. Sixteen involve increases in the rates of duty that will be payable, while 38 involve decreases. As on earlier occasions, I should warn that these bare statistics are not very revealing or conclusive, but they do serve to indicate the general balance and moderation with which this government is approaching tariff matters.

As I said earlier, I am planning some new references to the tariff board. In doing so it is of course necessary to take into account the work which is already before the board. This includes, in addition to a substantial number of appeals, the remaining parts of the textile reference, a reference respecting electronic items and, most important, the very substantial reference embracing virtually the whole field of chemicals. Obviously, with such an agenda already before it, we cannot ask the board to take on much more. However, there is one section of the tariff which, on the basis of representations that have been made to me, I am convinced requires the attention of the board at a fairly early date. This is a series made up of so-called end use items which provide special rates of duty for machinery and equipment

in certain specified uses such as the mining industry and the oil and gas industries. We have here, mainly in items numbered from 410a to 410z, a mixed bag of rates which were intended, when they were introduced, to give concessions to the industries named but some of which, due to the change of other tariff rates, now act in fact as obstacles. Accordingly I shall be asking the tariff board to review this particular group of tariff items.

In addition I shall also be assigning three tasks of much smaller dimensions, but of some urgency and difficulty, to the board. One relates to a small group of rates of special concern to the few firms in Canada which undertake the decoration of chinaware and glassware. The Department of Finance has had substantial correspondence on this subject over several years and, since we have not been able to work out a solution that is acceptable to all parties, a reference will be directed to the board.

Second, I am asking the board to review the tariff items under which plans, drawings and blueprints come into this country, some duty-free and others dutiable. The standing committee on estimates last year drew attention to the problems involved and I now propose to refer the matter to the tariff board.

Finally, certain producers have drawn attention to the substantial and rapidly rising imports of nails and to certain anomalies in the duties applicable to these imports. Accordingly, I shall be asking the board to review and report on the tariff items relating to this product.

SUMMARY AND CONCLUSION

The net effect of all the amendments I am proposing to our taxing statutes will be to make no measurable change in the estimate of total revenues for 1960-61, which I presented to the house earlier this evening. The amount of tax relief accorded by some amendments will be approximately balanced by the increased revenues from others. The total loss of revenue from the relieving amendments could add up to as much as $2 million, and the increased revenues from blocked loopholes and clarified definitions are likely to be of about the same amount. While these changes on balance do not affect total revenues they nevertheless represent significant improvements in the fairness of our tax structure.

(Translation):

The past year has witnessed an extraordinary resurgence in the economic strength of the western world. Canada has shared generously in this remarkable progress. Today she is stronger, more developed and more united than ever before.

The abiding goal of our fiscal policy is the maintenance of a sustainable rate growth in terms of employment, development of resources, and a sound dollar. This year's budget, devised to meet the conditions and needs of 1960, will I believe, effectively serve this goal. It is my hope that this balanced budget will strengthen the economic and financial structure of Canada, impart renewed confidence to Canadians in their future, and give fresh impetus to the enterprise and initiative of our people. With courage, self-discipline and self-reliance Canadians will meet the challenges of the new decade.

(Text):

The past year has witnessed an extraordinary resurgence in the economic strength of the western world. Canada has shared generously in this remarkable progress. Today she is stronger, more developed and more united than ever before.

The abiding goal of our fiscal policy is the maintenance of a sustainable rate of growth in terms of employment, development of resources, and a sound dollar. This year's budget, devised to meet the conditions and needs of 1960, will, I believe, effectively serve this goal. It is my hope that this balanced budget will strengthen the economic and financial structure of Canada, impart renewed confidence to Canadians in their future, and give fresh impetus to the enterprise and initiative of our people. With courage, self-discipline and self-reliance Canadians will meet the challenges of the new decade.

RESOLUTIONS

INCOME TAX ACT

Resolved that it is expedient to introduce a measure to amend the Income Tax Act to make provision in respect of a new class of profit sharing plans under which

(a) amounts allocated by the trustee shall not be included in the income of an individual who is a beneficiary under the plan until the year in which they are received,

(b) no tax shall be payable by the trustee under the plan on the taxable income of the trust,

(c) an employer may deduct in computing income for the year an amount which when added to his contribution, if any, under a registered pension fund or plan does not exceed $1,500 per employee.

INCOME TAX ACT

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

(1) That the increase from 10 per cent to 13 per cent in the deduction from tax granted to taxpayers in a province which imposes an income tax on individuals be continued for the 1960 and 1961 taxation years.

(2) That for the 1960 and 1961 taxation years the deduction from tax allowed to corporations in respect of income earned in a province which imposes an income tax on corporations and in which arrangements exist for the replacement of federal grants to universities by additional provincial grants in accordance with the proposed amendments to the Federal-Provincial Tax-Sharing Arrangements Act be increased from 9 per cent to 10 per cent in respect of income earned after December 31, 1959.

(3) That for the 1960 and subsequent taxation years the maximum amount deductible from income on account of medical expenses be increased to $3,000 for taxpayers who are entitled to claim the deduction for married status and $2,500 for other taxpayers (not exceeding $3,000 for husband and wife together) plus $750 in respect of each dependant of the taxpayer up to a maximum of $3,000 in respect of dependants.

(4) That for the 1960 and subsequent taxation years, where a person who formerly carried on a business in Canada the income from which was computed by the cash method has ceased to be a resident of Canada, there shall be included in computing his income from the business for the last year in which he resided in Canada the value of the accounts receivable and inventory at the time he ceased to reside in Canada.

(5) That with respect to any amalgamation after March 31, 1960 any share other than a common share of a new corporation resulting from an amalgamation shall be deemed to be a liability of the new corporation for purposes of section 105C of the act.

(6) That for the 1960 and subsequent taxation years no deduction shall be made as an allowance in respect of an oil or gas well or a mine in computing the income of a non-resident-owned investment corporation.

(7) That for the 1960 and subsequent taxation years, for purposes of calculating the amount of the credit a taxpayer may claim in respect of taxes paid to a foreign country, the limitation at present computed by reference to the tax paid to the foreign country on that part of his income from sources in the foreign country that is also subject to tax in Canada be amended so as to be computed by reference to the income tax (other than income tax on dividends which are deductible by the taxpayer) paid to the foreign country.

(8) That for the 1960 and subsequent taxation years the rules for determining income from a source be amended to specify the deductions that shall be made in computing the income of a non-resident person from a business or employment in Canada and in computing income from sources outside Canada for the purpose of calculating the foreign tax credit allowed to a person resident in Canada.

(9) That for the 1961 and subsequent taxation years for purposes of the provision that only one of a group of associated corporations shall receive the benefit of the lower rate of tax on the first $25,000 of taxable income the present rule for determining whether one corporation is associated with another, which is based on ownership of shares, be replaced by a rule related to control of the corporations.

(10) That the four-year period, after which the minister may not make a re-assessment of the tax payable for a taxation year unless there has been fraud or misrepresentation by the taxpayer or the person filing the return, shall commence with the date of mailing by the minister to the taxpayer of the original assessment or of a notification that no tax was payable for the year.

(11) That the four year time limit, after which the minister may not make a re-assessment unless there has been fraud or misrepresentation by the taxpayer or person filing the return, may be waived by the taxpayer by notice to the minister.

(12) That for the 1960 and subsequent taxation years the present rule in section 36 of the act for determining the tax on certain lump sum payments which the taxpayer may elect not to include with other income be changed to provide that in determining the tax the following rates shall apply:

(a) 10 per cent of the amount taxable if the amount taxable does not exceed $1,000,

(b) $100 plus 20 per cent of the amount by which the amount taxable exceeds $1,000 if the amount taxable exceeds $1,000 and does not exceed $5,000.

(c) $900 plus 30 per cent of the amount by which the amount taxable exceeds $5,000 if the amount taxable exceeds $5,000 and does not exceed $10,000.

(d) $2,400 plus 40 per cent of the amount by which the amount taxable exceeds $10,000.

[Mr. Fleming (Eglinton).]

(13) That for the 1960 and subsequent taxation years a corporation whose principal business is production or marketing of sodium chloride or whose business includes extraction of sodium chloride from halite deposits may deduct in computing its income drilling and exploration expenses incurred by it in the year in exploring or drilling for halite.

(14) That for the 1960 and subsequent taxation years an individual who receives a superannuation, pension or death benefit or a benefit under a registered retirement savings plan in respect of which any tax under the Estate Tax Act or succession duty imposed by a province was payable in respect of a death occurring after December 31, 1958 may deduct in computing his income for the year a portion of the benefit received by him determined by reference to the tax or duty applicable to the benefit.

EXCISE TAX ACT

Resolved that it is expedient to introduce a measure to amend the Excise Tax Act to provide:

1. That the sales tax on electric heating equipment, designed for use on a system using 230 volts or greater, for permanent installation as part of an electric heating system for buildings, be repealed, but not including electric wiring or other materials leading to or connecting such equipment to the electric power supply.

2. That ducts for warm air systems for heating buildings, but not including materials used in their manufacture, be exempt from sales tax.

3. That the sales tax on laryngeal speaking aids and parts therefor, including batteries specifically designed for use therewith, be repealed.

4. That the sales tax on prepared surgical sutures be repealed.

5. That the sales tax on goods enumerated in Customs Tariff Item 692a, that is, "articles presented from abroad in recognition of the saving of human life", be repealed.

6. That the sales tax on perlite be repealed.

7. That portrait photographs of individuals be exempt from sales tax.

8. That the exemption from sales tax for, "perforated bituminized fibre pipe for drainage purposes not exceeding four inches in inside diameter" be changed to read "perforated pipe for drainage purposes not exceeding four inches in inside diameter".

9. That the exemption from sales tax for feeds and feed supplements be extended to include feed supplements for addition to feeds for fur-bearing animals, and materials to be used exclusively in the manufacture thereof.

10. That hardware for doors and sash not specifically mentioned in schedule III be excluded from the sales tax exemption for articles and materials to be used in the manufacture of building materials.

11. That the exemption from sales tax for "septic tanks" be changed to read, "septic tanks and grease traps therefor".

12. That the exemption from sales tax for, "Usual coverings to be used exclusively for covering goods not subject to the consumption or sales tax and materials to be used exclusively in the manufacture of such coverings" be changed to read, "Usual coverings or containers to be used exclusively for covering or containing goods not subject to the consumption or sales tax and to be delivered and sold with the goods, and materials to be used exclusively in the manufacture of such coverings or containers".

13. That the exemption from sales tax for, "Materials for use only in the construction, equipment and repair of ships over ten tons net registered tonnage" be changed to read, "Materials for use only in the equipment and repair of ships over ten tons net register tonnage".

14. That the security required under the Excise Tax Act include bonds or other securities of or guaranteed by the government of Canada.

15. That any enactment founded upon this resolution be deemed to have come into force on the 1st day of April 1960.

ESTATE TAX ACT

Resolved that it is expedient to introduce a measure to amend the Estate Tax Act and to provide among other things:

(1) That the deduction from aggregate net value allowed for the value of any gift made to a charitable organization in Canada be extended to the value of a gift made to a charitable foundation in Canada.

(2) That the Canada Council be deemed to be a charitable organization for purposes of the act.

(3) That there be included in computing the aggregate net value of the property passing on death any amount payable under a policy of insurance effected on the life of the deceased for the benefit of the family of the deceased, where such policy, immediately prior to the death, was owned by the employer of the deceased.

(4) That where the property passing on the death of a person includes property the value of which was determined as of the date of death of that person according to prescribed tables of present values of annuities,

and within four years of the date of death there occurs an event, such as a death or change in marital status of a beneficiary, that allows the value of the property to be determined having regard to the occurrence of that event, the property shall, on application made in accordance with prescribed conditions, be revalued and the difference in tax refunded.

(5) That the four-year limit, after which the minister may not make a re-assessment unless there has been fraud, misrepresentation or failure to disclose by the person filing the return, may be waived by the executor by notice to the minister.

(6) That any enactment founded on paragraphs (1) (2) and (4) shall apply in respect of deaths occurring after December 31, 1958, and any enactment founded on paragraph (3) shall apply in respect of deaths occurring after March 31, 1960.

THE CUSTOMS TARIFF

1. Resolved, that subsection (1) of section 2 of the Customs Tariff be amended by adding thereto the following definitions:

"man-made fibre" means a staple fibre or filament produced by manufacturing processes, wholly or in part of organic polymers, but does not include rubber; and

"sliver" means fibres in a continuous strand, combed or not, not twisted and not exceeding twelve inches in length, and includes tops.

2. Resolved,

that Schedule A to the *Customs Tariff* be amended by striking out tariff items 160(*a*), 236, 343, 414*a*, 414*e*, 463*a*, 520(1), 520(2), 520*a*, 520*b*, 520*c*, 521, 522, 522*a*, 522*b*, 522*c*(1), 522*c*(3), 522*d*, 522*e*, 522*f*, 522*g*(1), 522*g*(2), 523, 523*a*, 523*b*(1), 523*b*(2), 523*b*(3), 523*b*(4), 523*c*, 523*d*, 523*e*, 523*f*, 523*g*, 523*h*, 523*i*, 523*j*, 523*k*, 523*l*, 523*n*(1), 523*n*(2), 524, 524*a*, 532, 532*a*, 532*b*, 532*c*, 532*e*, 535*b*, 535*c*, 535*d*, 535*f*, 549, 549*a*, 549*b*(1), 549*b*(2), 549*b*(3), 550, 550*a*, 550*b*, 550*c*, 550*d*, 551, 551*a*, 551*b*, 551*c*, 551*d*, 551*f*, 553(1), 554, 554*a*, 554*c*, 554*g*, 557, 557*a*, 557*b*, 557*c*, 558, 558*a*, 558*b*(*a*), 558*b*(*b*), 558*c*(*i*), 558*c*(*ii*), 558*d*(*a*), 558*d*(*b*), 558*e*, 558*f*, 559, 560, 560*a*, 560*b*, 560*c*, 561, 561*d*, 563, 564, 564*a*, 567, 567*a*, 567*b*(1), 567*b*(2), 573, 586, 663*f*, 802(*b*) and 818; and the enumerations of goods and the rates of duty set opposite each of these items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	——	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
66b	*Pretzels*	Free	15 p.c.	30 p.c.	Free	20 p.c.	30 p.c.
142	(*b*) N.o.p.: (*iii*) *Unstemmed, when imported by cigar manufacturers for use as wrappers in the manufacture of cigars in their own factories*.....*per pound*	10 cts.	10 cts.	40 cts.	12½ cts.	12½ cts.	40 cts.
160	Alcoholic perfumes: (*a*) When in bottles or flasks containing not more than four ounces each	20 p.c.	20 p.c.	90 p.c.	22½ p.c.	22½ p.c.	90 p.c.
187e	*Sensitized negative film, sixteen millimetres in width for exposure in motion picture cameras*	Free	15 p.c.	30 p.c.	Free	20 p.c.	30 p.c.
199m	*Woven paper fabrics, open mesh, not less than nine feet in width, for use in the manufacture of carpets*	15 p.c.	22½ p.c.	35 p.c.	17½ p.c.	25 p.c.	35 p.c.
225c	*Sugar cane wax*	Free	Free	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
236	Surgical dressings, antiseptic or aseptic, including absorbent cotton, lint, lamb's wool, tow, jute, oakum, whether imported singly or in combination one with another, but not stitched or otherwise manufactured; surgical trusses and suspensory bandages of all kinds; sanitary napkins, and abdominal supports	10 p.c.	20 p.c.	35 p.c.	10 p.c.	20 p.c.	35 p.c.
343	Tin, in blocks, pigs, bars, or granular form	Free	Free	Free	Free	5 p.c.	5 p.c.
347e	*Electrolytic manganese metal for alloying purposes*	Free	5 p.c.	20 p.c.	Free 15 p.c.	15 p.c. 20 p.c.	20 p.c. 25 p.c
410o	(*iii*) *Mine roof and wall supports and support systems, of metal, including yielding props or chocks, for use underground in mines; parts of the foregoing*	Free	12½ p.c.	35 p.c.	10 p.c.	22½ p.c.	35 p.c.
414*a*	Parts of typewriters	Free	7½ p.c.	25 p.c.	Free	15 p.c.	25 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
414*e*	Parts of adding machines	Free	10 p.c.	25 p.c.	Free 10 p.c.	12½ p.c. 22½ p.c.	25 p.c. 35 p.c.
463*a*	Motion picture projectors, arc lamps for motion picture work, motion picture or theatrical spot lights, light effect machines, portable motion picture projectors with or without sound equipment; electric rectifiers or generators designed for use with motion picture projectors; parts of all the foregoing, not including electric light bulbs, tubes, or exciter lamps	Free	15 p.c.	35 p.c.	Free	15 p.c.	35 p.c.
463c	*Motion and still picture screens*	Free	10 p.c.	35 p.c.	Free	15 p.c.	35 p.c.
465a	*Signs or indicating markers of material other than paper with radioisotope activated light source*	7½ p.c.	17½ p.c.	30 p.c.	10 p.c.	20 p.c.	30 p.c.
465b	*Radioisotope activated self-luminous standards for calibration purposes*	10 p.c.	15 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
505f	*Southern yellow pine lumber, not further manufactured than planed on two sides, for use in the manufacture of flooring for motor trucks*	Free	Free	25 p.c.	10 p.c.	10 p.c.	25 p.c.
520a	Raw cotton and cotton linters not further manufactured than ginned	Free	Free	Free	Free	Free	Free
520b	*Cotton fibres, n.o.p., and carded sliver, wholly of cotton*	5 p.c.	10 p.c.	12½ p.c.	Free 5 p.c.	10 p.c. 10 p.c.	12½ p.c. 12½ p.c.
521	*Yarns and rovings, including threads, cords and twines, wholly of cotton:* *(1) Singles*	12½ p.c.	17½ p.c.	22½ p.c.	12½ p.c. 12½ p.c. Free	15 p.c. and 3 cts. per lb. 15 p.c. 20 p.c.	22½ p.c. and 4 cts per lb. 22½ p.c. 25 p.c.
	(*2*) Of count 40 or finer, when imported by manufacturers of mercerized yarns for use in the manufacture of mercerized cotton yarns	Free	15 p.c.	20 p.c.	Free	15 p.c.	15 p.c.

(3) *When imported by manufacturers for use in the manufacture of cotton sewing thread or of crochet, knitting, darning or embroidery cottons:*						
(a) *Singles*	Free	10 p.c.	15 p.c.	7½ p.c. Free	15 p.c. 10 p.c.	20 p.c. 15 p.c.
(b) *Plied*	5 p.c.	10 p.c.	20 p.c.	5 p.c.	10 p.c.	20 p.c.
(4) Of count 70 or finer, when imported by manufacturers for use in the manufacture of levers' lace	Free	Free	25 p.c.	Free	Free	25 p.c.
(5) *Other, n.o.p.*	15 p.c.	20 p.c.	30 p.c.	15 p.c. 15 p.c.	17½ p.c. and 3 cts. per lb. 20 p.c.	25 p.c. and 4 cts per lb. 25 p.c. and 4 cts per lb
522 Woven fabrics, wholly of cotton:						
(1) Not bleached, mercerized nor coloured, n.o.p.	15 p.c.	20 p.c.	30 p.c.	15 p.c. Various	15 p.c. and 3 cts. per lb. Various	25 p.c. and 4 cts. per lb. Various
(2) Bleached or mercerized, not coloured, n.o.p.	17½ p.c.	22½ p.c.	30 p.c.	17½ p.c. Various	17½ p.c. and 3 cts. per lb. Various	27½ p.c. and 4 cts. per lb. Various
(3) *Coloured, n.o.p.*	17½ p.c.	22½ p.c.	35 p.c.	17½ p.c. Various	17½ p.c. and 3 cts. per lb. Various	32½ p.c. and 4 cts. per lb. Various
(4) Composed of yarns of counts of 100 or more, including all such fabrics in which the average of the count of warp and weft yarns is 100 or more	Free	25 p.c.	35 p.c.	Free	27½ p.c.	32½ p.c. and 4 cts. per lb.
(5) *With cut pile*	10 p.c.	25 p.c.	35 p.c.	15 p.c. 5 p.c.	22½ p.c. and 3½ cts. per lb. 25 p.c. and 3½ cts. per lb.	32½ p.c. and 4 cts. per lb. 32½ p.c. and 4 cts. per lb.
(6) For use in the manufacture of sails for boats or ships	Free	20 p.c.	30 p.c.	Free	20 p.c. and 3½ cts. per lb.	25 p.c. and 4 cts. per lb.
(7) Bleached, when imported by manufacturers of handkerchiefs for use in the manufacture of handkerchiefs wholly of cotton	Free	20 p.c.	27½ p.c.	Free	22½ p.c.	27½ p.c.
(8) *Weighing not more than 7½ pounds per 100 square yards, not bleached nor coloured*	Free	Free	30 p.c.	Free 15 p.c.	Free 15 p.c. and 3 cts. per lb.	25 p.c. and 4 cts. per lb. 25 p.c. and 4 cts. per lb.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
522 (cont.)	(9) Not coloured, for use in the manufacture of ribbons for typewriters, *calculators, or other office appliances.*	Free	12½ p.c.	15 p.c.	Free various	12½ p.c. various	15 p.c. various
523a	Clothing, wearing apparel and other articles, made from woven fabrics wholly of cotton; all textile manufactures, wholly or partially manufactured, the component fibre of which is wholly cotton, n.o.p.	25 p.c.	25 p.c.	35 p.c.	25 p.c. 22½ p.c. Various	25 p.c. 22½ p.c. Various	35 p.c. and 4 cts. per lb. 35 p.c. and 4 cts. per lb. Various
523b	Handkerchiefs, wholly of cotton	12½ p.c.	27½ p.c.	35 p.c.	12½ p.c.	27½ p.c.	35 p.c. and 4 cts. per lb.
524	Woven fabrics, open mesh, wholly or in chief part by weight of cotton, imported for use in the manufacture of fruit or vegetable bags	Free	Free	Free	Free	Free	Free
530a	Wool *and wool noils*, not further prepared than scoured or carbonized	Free	Free	Free	Free	Free	Free
530b	*Slivers, wholly or in part of wool, not containing man-made fibres or glass fibres* ..... *per pound*	Free	10 cts.	15 cts.	Free	10 cts.	15 cts.
530c	*Hair and hair noils; slivers, 50 p.c. or more, by weight, of hair; horsehair not further manufactured than dipped or dyed*	Free	Free	Free	Free Free	Free Free	15 cts. per lb. Free
530d	Hair, curled or dyed, n.o.p.	12½ p.c.	15 p.c.	20 p.c.	12½ p.c.	15 p.c.	20 p.c.
531a	*Rovings and yarns, 50 p.c. or more, by weight of hair* ..... *and, per pound*	Free	10 p.c.	20 p.c. 17½ cts.	7½ p.c. 5 cts. Various	12½ p.c. 15 cts. Various	20 p.c. 17½ cts. Various
531b	*Rovings and yarns, wholly or in part of wool, n.o.p.* ..... *and, per pound*	7½ p.c. 7 cts.	12½ p.c. 17 cts.	22½ p.c. 22½ cts.	7½ p.c. 5 cts.	12½ p.c. 15 cts.	20 p.c. 17½ cts.
531c	*Rovings and yarns, wholly or in part of wool or hair in measured skeins or balls* ..... *and, per pound*	7½ p.c. 10 cts.	12½ p.c. 20 cts.	22½ p.c. 22½ cts.	7½ p.c. 5 cts.	12½ p.c. 15 cts.	22½ p.c. 22½ cts.

531d	Yarns and warps, spun on the worsted system, composed wholly of wool or in part of wool or hair, imported by manufacturers for use in their own factories in the manufacture of woven fabrics in chief part by weight of wool or hair and not exceeding six ounces to the square yard, when in the gray or unfinished condition, under such regulations as may be prescribed by the minister	Free	15 p.c.	20 p.c.	Free	15 p.c.	20 p.c.
	and, per pound	.....	15 cts.	17½ cts.	.....	15 cts.	17½ cts.
532d	Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight four ounces to the square yard, when imported in the gray or unfinished condition, for the purpose of being dyed or finished in Canada	Free	20 p.c.	30 p.c.	Free	20 p.c.	30 p.c.
	and, per pound	.....	15 cts.	20 cts.	.....	15 cts.	20 cts.
532e	Woven fabrics composed wholly or in part of yarns of wool, imported in the web in lengths of not less than five yards each, for use exclusively in the manufacture of neckties, scarves or mufflers, *but not including such fabrics for use as interlining*	Free	15 p.c.	40 p.c.	Free	15 p.c.	40 p.c.
	and, per pound			40 cts.			40 cts.
	In the case of such fabrics weighing not more than nine ounces to the square yard, the total duty leviable shall not be in excess of.....per pound	.....	$1.10	.....	.....	$1.10	.....
550	Silk cocoons	Free	Free	Free	Free	Free	Free
551a	*Yarns and rovings, wholly of silk, degummed or not:*						
	(1) Not thrown or spun	Free	Free	Free	Free	Free	Free
	(2) Not further advanced than thrown or spun	Free	7½ p.c.	10 p.c.	10 p.c. Free	12½ p.c. 7½ p.c.	15 p.c. 10 p.c.
	(3) N.o.p., including threads, cords or twines	12½ p.c.	20 p.c.	25 p.c.	12½ p.c.	20 p.c.	25 p.c.
551b	*Yarns and rovings of silk and vegetable fibres*	12½ p.c.	20 p.c.	25 p.c.	12½ p.c.	20 p.c.	25 p.c.
552a	*Woven fabrics, more than 50 p.c. by weigh, of silk, not containing wool or hair*	12½ p.c.	22½ p. c.	45 p.c.	17½ p.c. Various	25 p.c. and 5 cts. per lineal yard Various	45 p.c. and 10 cts. per lineal yard Various
552b	*Woven fabrics of silk and vegetable fibres, n.o.p.*	12½ p.c.	22½ p.c.	45 p.c.	17½ p.c.	25 p.c. and 5 cts. per lineal yard	25 p.c. and 5 cts. per lineal yard

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
553	*The following, when the textile component thereof is more than 50 p.c., by weight, of silk:*						
	(1) Handerchiefs, made from woven fabric	20 p.c.	22½ p.c.	45 p.c.	27½ p.c.	30 p.c.	45 p.c. and 7 cts. per lb.
	(2) Headsquares, scarves or muffiers, made from woven fabrics	20 p.c.	22½ p.c.	45 p.c.	27½ p.c.	30 p.c.	45 p.c. and 7 cts. per lb.
	(3) Clothing, wearing apparel and articles, made from woven fabrics, and all textile manufactures, wholly or partially manufactured	27½ p.c.	30 p.c.	45 p.c.	27½ p.c.	30 p.c.	45 p.c. and 7 cts. per lb.
559a	*Rags and wastes, whether or not cleaned, dusted, willowed, picked or pulled, unfit for use without further manufacture; used textile manufactures or waste portions of unused yarns or of unused fabrics, imported for disintegrating or for the manufacture of wiping rags; none of the foregoing to include remnants or mill ends*	Free	Free	Free	Free 7½ p.c.	Free 10 p.c.	Free 12½ p.c.
559b	*Waste portions of unused fabrics, n.o.p., not to include remnants or mill ends*	7½ p.c.	10 p.c.	20 p.c.	7½ p.c. Free	10 p.c. 7½ p.c.	12½ p.c. 10 p.c.
559c	*Garnetted material, obtained by disintegrating yarns or fabrics, wholly of wool or hair, in the natural colour of the fleece or the hair*	Free	Free	Free	Free	Free	Free
559d	*Garnetted material, obtained by disintegrating yarns or fabrics, n.o.p.*	7½ p.c.	10 p.c.	20 p.c.	7½ p.c.	10 p.c.	12½ p.c.
559e	*Nubs, slugs, slubs, neps or kemps*	Free	Free	Free	Various	Various	Various
559f	*Washed wiping rags, trimmed or untrimmed; machine wiping wastes or machibed journal-box packing wastes*	7½ p.c.	10 p.c.	20 p.c.	7½ p.c.	10 p.c.	12½ p.c.
560a	*Man-made fibres or glass fibres, not exceeding 12 inches in length*	5 p.c.	12½ p.c.	15 p.c.	Free	7½ p.c.	10 p.c.

560b	*Sliver, wholly or in part of man-made fibres or of glass fibres*	5 p.c.	12½ p.c.	15 p.c.	Free	7½ p.c.	10 p.c.
560c	*Man-made filaments or glass filaments imported for converting into lengths not exceeding 12 inches, for use in the manufacture of:*						
	(1) Textile yarns or flock	5 p.c.	12½ p.c.	15 p.c.	Free	7½ p.c.	10 p.c.
	(2) Cigarette filter tips	5 p.c.	12½ p.c.	15 p.c.	5 p.c.	12½ p.c.	35 p.c. but not less than 28 cts. per lb.
560d	*Man-made fibres, not exceeding 12 inches in length, for use in the manufacture of carpets*	2½ p.c.	10 p.c.	15 p.c.	Free	7½ p.c.	10 p.c.
561a	Yarns and rovings, wholly of man-made fibres or filaments or of glass fibres or filaments, not more advanced than singles, not coloured, with not more than seven turns to the inch	20 p.c.	22½ p.c.	35 p.c.	20 p.c.	22½ p.c. but	35 p.c. but
	but not less than, per pound		22 cts.	28 cts.		not less than 22 cts. per lb.	not less than 28 cts. per lb.
					5 p.c.	22½ p.c. but not less than 22 cts. per lb.	35 p.c. but not less than 28 cts. per lb.
561b	Yarns and rovings, wholly or in part of man-made fibres or filaments or of glass fibres or filaments, including threads, cords or twines, not containing wool or hair.	22½ p.c.	22½ p.c.	35 p.c.	22½ p.c.	22½ p.c. but	35 p.c. but
	but not less than, per pound		22 cts.	28 cts.		not less than 22 cts. per lb.	not less than 28 cts. per lb.
					7½ p.c.	22½ p.c. but not less than 22 cts. per lb.	35 p.c. but not less than 28 cts. per lb.
561c	Yarns, wholly of man-made fibres or filaments, not more advanced than singles, not coloured, with not more than seven turns to the inch, for use in the manufacture of woven cord tire fabric	7½ p.c.	12½ p.c.	35 p.c.	7½ p.c.	12½ p.c.	35 p.c.
	but not less than, per pound		11 cts.	28 cts.		11 cts.	28 cts.
561d	*Yarns and rovings, including threads, cords or twines, wholly or in part of man-made fibres or filaments, not containing silk, wool or hair, for use in the manufacture of fabrics for conveyor or transmission belts or belting containing rubber*	12½ p.c.	22½ p.c.	35 p.c.	Various	Various	Various
561e	*Yarns and rovings composed of hair combined with man-made fibres or filaments, for use in the manufacture of tailors' canvas interfacing*	Free	7½ p.c.	20 p.c.	Free	7½ p.c.	20 p.c.
	and, per pound		10 cts.	17½ cts.		10 cts.	17½ cts.
562a	Woven fabrics, wholly or in part of man-made fibres or filaments or of glass fibres or filaments, not containing wool or hair, not including fabrics more than 50 p.c., by weight, of silk	22½ p.c.	30 p.c.	45 p.c.	22½ p.c.	25 p.c.	45 p.c.
	and, per pound		20 cts.	40 cts.		30 cts.	40 cts.
					Various	Various	Various

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Rates in Effect Prior to Rates Proposed in this Budget: Most-Favoured-Nation Tariff	Rates in Effect Prior to Rates Proposed in this Budget: Tariff
562a (cont.)	Woven fabrics containing five per cent or less, by weight, of man-made fibres or filaments or of glass fibres or filaments shall not be dutiable under this item but shall be dutiable as though composed wholly of the remaining constituents.						
562b	Woven fabrics with cut-pile, wholly or in part of man-made fibres or filaments or of glass fibres or filaments, not containing wool or hair.....	20 p.c.	30 p.c.	45 p.c.	17½ p.c.	25 p.c.	35 p.c.
562c	*Woven fabrics with leno-edged strips, not less than 40 inches in width, wholly of man-made fibres or filaments, imported in the unfinished condition by manufacturers of metalline ribbons, for use in the manufacture of such ribbons*.....	Free	5 p.c.	45 p.c.	Free	5 p.c.	45 p.c.
562d	Umbrella-covering fabrics, impregnated or not, with or without hemmed edges, in lengths of not less than 10 yards, for use in the manufacture of umbrellas having a rib length of not more than 27 inches.....	Free	Free	Free	Free	Free	20 p.c.
562e	Woven fabrics, wholly or in part of silk or of man-made fibres or filaments, imported in lengths of not less than five yards, by manufacturers of neckties, for use in the manufacture of neckties, *but not including such fabrics for use as inter-lining*.....	15 p.c.	15 p.c.	45 p.c.	15 p.c. Various	15 p.c. Various	45 p.c. and 40 cts. per lb. Various
562f	*Woven cord tire fabric, wholly or in chief part, by weight, of man-made fibres or filaments, not to contain silk or wool, for use in the manufacture of pneumatic tires, n.o.p.*..... *and, per pound*	7½ p.c.	7½ p.c. 7½ cts.	45 p.c. 40 cts.	7½ p.c.	7½ p.c. 7½ cts.	45 p.c. 40 cts.
562g	Woven cord tire fabric, wholly or in chief part, by weight, of man-made fibres or filaments, not to contain silk or wool, coated with a rubber composition, when imported by manufacturers of rubber tires, to be incorporated by them in pneumatic tires, in their own factories.....	Free	15 p.c.	45 p.c.	Free	15 p.c.	25 p.c. and 4 cts. per lb.

562h	Woven fabrics, wholly or in part of man-made fibres or filaments, not containing silk, wool or hair, whether or not coated or impregnated, when imported by manufacturers of conveyor or transmission belts or belting containing rubber, for use in the manufacture of such belts or belting	15 p.c.	27½ p.c.	45 p.c.	22½ p.c.	25 p.c. and 30 cts. per lb.	45 p.c. and 40 cts. per lb.
563	Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, the textile component of which is 50 p.c. or more, by weight, of man-made fibres or filaments or of glass fibres or filaments, not containing wool or hair	20 p.c.	27½ p.c.	50 p.c.	20 p.c. Various	27½ p.c. Various	50 p.c. and 7 cts. per lb. Various
564	Church vestments, prayer shawls, prayer shawl fringes and prayer shawl bags	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	20 p.c.
565	*Saris of any material*	20 p.c.	22½ p.c.	50 p.c.	20 p.c.	22½ p.c.	45 p.c. and 7 cts. per lb.
573	Enamelled carriage, shelf and table oilcloth, and cork matting or carpets and, per pound	15 p.c.	27½ p.c.	35 p.c. 4 cts.	15 p.c.	27½ p.c.	35 p.c. and 4 cts. per lb.
573a	*Linoleum; felt base floor covering not including such materials in which are incorporated synthetic resin sheets or cellulose plastic sheets* *and, per pound*	15 p.c.	25 p.c.	35 p.c. 4 cts.	15 p.c.	27½ p.c.	35 p.c. and 4 cts. per lb.
586	Anthracite coal; *anthracite coal screenings and dust*. per ton	Free	Free	50 cts.	Free 35 cts. per ton	Free 50 cts. per ton	50 cts. per ton 75 cts. per ton
624*a*	(*5*) *Toy electric train sets, transformers, parts and accessories for use therewith*	5 p.c.	20 p.c.	40 p.c.	Various	Various	Various
663*f*	Iodized mineral salts, for use in the feeding of animals	Free	10 p.c.	25 p.c.	Free	15 p.c.	25 p.c.

3. Resolved,

that Schedule A to the *Customs Tariff* be amended by striking out tariff items 552*c*(2), 530, 531, 532*d*, 552, 552*a*, 553(2), 553(3), 553*a*, 554*b*(1), 554*b*(2), 554*b*(3), 561*a*(*i*), 561*a*(*ii*), 562, 562*a*, 565, 566 and 567*b*(3), and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

532a	Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p. and, per pound The total duty leviable shall not be in excess of per pound	20 p.c. 20 cts. 60 cts.	27½ p.c. 38 cts.	40 p.c. 40 cts.	20 p.c. 20 cts. 60 cts.	27½ p.c. 38 cts.	40 p.c. 40 cts. .....

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
532b	Woven fabrics composed wholly or in part of yarns of wool or hair and weighing not less than twelve ounces to the square yard	20 p.c.	27½ p.c.	40 p.c.	20 p.c.	27½ p.c.	40 p.c.
	and, per pound	15 cts.	33 cts.	40 cts.	15 cts.	33 cts.	40 cts.
	The total duty leviable shall not be in excess of per pound	55 cts.	.....	.....	55 cts.	.....	.....
532c	Woven fabrics composed wholly or in chief part by weight of yarns of wool or hair and weighing not more than nine ounces to the square yard, n.o.p.	20 p.c.	27½ p.c.	40 p.c.	20 p.c.	27½ p.c.	40 p.c.
	and, per pound	20 cts.	38 cts.	40 cts.	20 cts.	38 cts.	40 cts.
	The total duty leviable shall not be in excess of per pound	60 cts.	$1.10	.....	60 cts.	$1.10	.....
538a	Cotton yarns, wholly covered with a double layer of metallic strip in single strand only, when imported by manufacturers for use exclusively in the manufacture of electrical conductors, in their own factories	10 p.c.	10 p.c.	25 p.c.	10 p.c.	10 p.c.	25 p.c.
	and, per pound	.....	.....	4 cts.	.....	.....	4 cts.
538b	Lace and embroideries, wholly of cotton, coloured, when imported for use exclusively by manufacturers in the manufacture of clothing, in their own factories.	7½ p.c.	15 p.c.	30 p.c.	7½ p.c.	15 p.c.	30 p.c.
	and, per pound	.....	.....	4 cts.	.....	.....	4 cts.
538c	Knitted fabric wholly of cotton, in the web, imported by manufacturers of rubber boots and shoes for use exclusively in the manufacture of such articles in their own factories	10 p.c.	20 p.c.	25 p.c.	10 p.c.	20 p.c.	25 p.c.
538d	Fabrics wholly of cotton, coated or impregnated, n.o.p.	20 p.c.	25 p.c.	35 p.c.	20 p.c.	25 p.c.	35 p.c.
	and, per pound	.....	.....	4 cts.	.....	.....	4 cts.
538e	Felt, pressed, of all kinds, in the web, not consisting of or in combination with any woven, knitted or other fabric or material	12½ p.c.	17½ p.c.	25 p.c.	12½ p.c.	17½ p.c.	25 p.c.
	and, per pound	.....	12½ cts.	20 cts.	.....	12½ cts.	20 cts.
538f	Felt, splint, for use in making moulded splints for medicinal purposes	Free	10 p.c.	25 p.c.	Free	10 p.c.	25 p.c.

538g	Blankets of any material, not to include automobile rugs, steamer rugs, or similar articles:						
	(1) Blankets, wholly or in part of wool or hair.....	20 p.c.	25 p.c.	35 p.c.	20 p.c.	25 p.c.	35 p.c.
	and, per pound	5 cts.	20 cts.	30 cts.	5 cts.	20 cts.	30 cts.
	(2) Blankets, n.o.p.....	20 p.c.	25 p.c.	35 p.c.	20 p.c.	25 p.c.	35 p.c.
	and, per pound	5 cts.	20 cts.	30 cts.	5 cts.	20 cts.	30 cts.
538h	Stereotypers' and typecasters' blankets or blanketing and press blankets or blanketing used for printing presses, of a class or kind not made in Canada.....	Free	5 p.c.	10 p.c.	Free	5 p.c.	10 p.c.
538i	Fabrics, coated or impregnated, n.o.p.:						
	(1) Composed wholly or in part of silk.....	27¾ p.c.	30 p.c.	45 p.c.	27½ p.c.	30 p.c.	45 p.c.
	(2) Composed wholly or in part of synthetic textile fibres or filaments, but not containing silk.....	30 p.c.	35 p.c.	50 p.c.	30 p.c.	35 p.c.	50 p.c.
538j	Woven fabrics not exceeding twelve inches in width generally known as "ribbons", whether with cut pile or not, wholly or in part of silk but not containing wool.....	22½ p.c.	25 p.c.	35 p.c.	22½ p.c.	25 p.c.	35 p.c.
538k	Woven fabrics not exceeding twelve inches in width, generally known as "ribbons", whether with cut pile or not, wholly or in part of synthetic textile fibres or filaments, but not containing silk nor wool.....	22½ p.c.	25 p.c.	35 p.c.	22½ p.c.	25 p.c.	35 p.c.
538m	Embroideries, lace, braids, cords, chenille, gimp, fringes and tassels, whether containing tinsel or not, nets, nettings and bobinet, n.o.p.....	17½ p.c.	22½ p.c.	35 p.c.	17½ p.c.	22½ p.c.	35 p.c.
538n	Plaited or braided lines and cords, non-elastic, whether of tubular or of solid construction, not exceeding one inch in circumference, wholly or in chief part by weight of vegetable fibres.....	15 p.c.	30 p.c.	35 p.c.	15 p.c.	30 p.c.	35 p.c.
538p	Woven fabrics, containing figured designs, not exceeding twelve inches in width, laces, embroideries, emblems and medallions, for use in the manufacture of church vestments.....	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	20 p.c.

4. Resolved,

that Schedule B to the *Customs Tariff* be amended by striking out items 1030(*a*) and 1030(*b*) and the enumerations of goods and the rates of drawback of duty set opposite each of those items, and by inserting the following item, enumeration of goods and rate of drawback of duty:

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1013	Materials	When used in the manufacture of articles enumerated in tariff item 236.....	50 p.c.

5. Resolved,

that Schedule A to the *Customs Tariff* be amended by striking out tariff items 124*b*, 180*a*, 237*a*, 399*a*, 403(*c*), 409*e*(1), 437*b*, 438*f*(1) and (2), 438*g*, 440*m* and 440*n*, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	——	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
90*e*	*Potatoes, pre-cooked, without admixture beyond the addition of preservatives, in powder, flake or granular form*.....	17½ p.c.	17½ p.c.	25 p.c.	Free	Free	2¾ cts. per lb.
124*b*	Squid, *octopus and cuttlefish*.....	Free	Free	Free	Free 12½ p.c.	Free 17½ p.c.	Free 25 p.c.
180*a*	Photographs, negatives and exposed film, for use only as news illustrations.....	Free	Free	Free	Free	Free	Free
237*a*	Deuterium oxide or heavy water; uranium in the form of pigs, ingots, billets or bars..... *On and after July 1, 1962*	Free Free	Free 15 p.c.	25 p.c. 25 p.c.	Free Free	Free 15 p.c. (On and after July 1, 1960)	25 p.c. 25 p.c.
399*a*	Pipes or tubes of iron or steel, commonly known as "oil-country goods", being casing or tubing and fittings or couplings therefor; sucker rods, pony rods, polished rods and couplings therefor; *seismograph drilling bits, in sizes three and one-half inches to four and three-quarter inches inclusive;* all of the foregoing for use in connection with natural gas or oil wells.....	5 p.c.	10 p.c.	20 p.c.	5 p.c. Free	10 p.c. Free	20 p.c. Free
403	Wire, of steel: (*c*) Valued at not less than two and three-quarter cents per pound for use in the manufacture of wire rope.....	Free	5 p.c.	7½ p.c.	Free 10 p.c.	5 p.c. 20 p.c.	7½ p.c. 20 p.c.
409*e*	(1) Spraying and dusting machines and attachments therefor, including hand sprayers, for agricultural or horticultural purposes; apparatus for the destruction of predatory animals by the discharge of poisonous cartridges and poisonous cartridges for such apparatus; automatic explosive bird-scaring devices; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; dehorning instruments; *magnets for veterinary use;* parts of the foregoing.....	Free	Free	Free	Free 15 p.c.	Free 22½ p.c.	Free 30 p.c.

437*b*	*Diesel* motor rail cars or units and chassis for same for use on railways for the carriage of passenger, baggage, mail or express traffic, and parts thereof.....	Free	Free	35 p.c.	Free	Free	35 p.c.
438*f*	Parts, n.o.p., electro-plated or not, whether finished or not, for automobiles, motor vehicles, electric trackless trolley buses, fire fighting vehicles, ambulances and hearses, or chassis enumerated in tariff items 424 and 438*a*, including engines, but not including ball or roller bearings, wireless receiving sets, die castings of zinc, electric storage batteries, parts of wood, tires and tubes or parts of which the component material of chief value is rubber.....	Free	25 p.c.	35 p.c.	Free	25 p.c.	35 p.c.
438*g*	Brake linings and clutch facings, whether or not including metallic wires or threads, *for automobiles, motor vehicles, electric trackless trolley buses, fire fighting vehicles, ambulances and hearses, or chassis enumerated in tariff items 424 and 438a:*						
	(*1*) When made *wholly or in part* from crude asbestos of British Commonwealth origin.....	Free	25 p.c.	35 p.c.	Free	25 p.c.	35 p.c.
	(*2*) When made *wholly or in part* from crude asbestos, n.o.p.....	15 p.c.	25 p.c.	35 p.c.	15 p.c.	25 p.c.	35 p.c.
438*h*	Motor cycles or side cars therefor, and parts of the foregoing.....	Free	17½ p.c.	30 p.c.	Free	17½ p.c.	30 p.c.
440*m*	Aircraft, not including engines, under such regulations as the Minister may prescribe:						
	1. When of types or sizes not made in Canada.....	Free	Free	27½ p.c.	Free	Free	27½ p.c.
	On and after July 1, 1962	Free	15 p.c.	27½ p.c.	Free	15 p.c. (On and after July 1, 1960)	27½ p.c.
	2. When of types and sizes made in Canada.....	Free	15 p.c.	27½ p.c.	Free	15 p.c.	27½ p.c.
440*n*	Aircraft engines, when imported for use in the equipment of aircraft:						
	1. When of types or sizes not made in Canada.....	Free	Free	27½ p.c.	Free	Free	27½ p.c.
	On and after July 1, 1962	Free	15 p.c.	27½ p.c.	Free	15 p.c. (On and after July 1, 1960)	27½ p.c.
	2. When of types and sizes made in Canada.....	Free	15 p.c.	27½ p.c.	Free	15 p.c.	27½ p.c.

6. Resolved,
that Schedule A to the *Customs Tariff* be amended as follows:
   1. by adding to the enumeration of goods in tariff item 438*c* the following:
      "Door opening weatherseal retainers;
      Reclining seat mechanisms;
      Swivel seat mechanisms;"
   2. by deleting from tariff item 438*d* the words "Internal combustion engines of 349 cubic inches and over in displacement;" and substituting therefor the words "Internal combustion engines over 348 cubic inches in displacement;"

79551-0—171

3. by adding to the enumeration of goods in tariff item 438*d* the following:

"Air cleaners;
Cast aluminum road wheels for tube type tires using rim sizes larger than twenty inches by eight inches and for tubeless type tires using rim sizes larger than twenty two and one half inches by eight and one quarter inches;"

7. Resolved,

that any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the 1st day of April, 1960, and to have applied to all goods mentioned in the said resolutions imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

(See also Budget Papers, pages 2709 to 2806)

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, it is something of a novelty to find the Conservatives applauding a surplus, even a small surplus. First of all, I think they have only had this opportunity four times since confederation to applaud a surplus from a Conservative government and, in my time, I do not recall that they were very enthusiastic applauders of the many surpluses of the previous administration.

I was thinking particularly on this particular anniversary that swift indeed has been the descent from Olympus when we think of an event two years ago. This is the second anniversary of that event and already we see across the country lapels bearing buttons saying, "Do not blame me; I voted Liberal." Two years is a fairly short span in history, but it has been a rather long period for Canada in so far as its terms of record deficits are concerned, record expenditures, record taxation and record unemployment. I suggest that is the significant feature of this anniversary for most Canadians.

Now with the applause for this very dismal surplus, as surpluses have been experienced in this country, we must also recognize that the government supporters had to take with it tonight a report from the Minister of Finance (Mr. Fleming) that this was the second largest deficit in Canada's peacetime history and the previous record was, of course, the record of the same Minister of Finance in the previous year. I think most of us were expecting to hear tonight from the minister what his estimate would be of the gross national product for the coming year. I was surprised by some of the omissions of qualifications in his description of the prospects for the gross national product next year, just as I am sure the house was surprised to get his white paper and find that his estimates for last year, having regard to these usual qualifications, prove exceedingly disappointing.

Last year the minister indicated that subject to normal crops, stable prices and no untoward external events, he expected a gross national product increase of 7 per cent. If we read his white paper we find, first of all, that 6 per cent is the attained figure and then from that 6 per cent, according to his own report, you have to take off 2 per cent for increases in prices. But that is not the only point. Since the white paper was sent to the printers I find that we have the typical confusion exhibited between the Department of Finance and the Department of Trade and Commerce, because on Tuesday the Department of Trade and Commerce published its D.B.S. accounts of income and expenditures for the fourth quarter of 1959. You will find there a record of volume of production in relation to gross national expenditures, and you will find that the increase was only 3.5 per cent. In other words, the estimate of the Minister of Finance a year ago was just 50 per cent wrong.

Some hon. Members: Oh, oh.

Mr. Benidickson: In so far as gross increase was concerned, we find it was 6 per cent instead of a 7 per cent increase subject, as the report of this dominion bureau of statistics indicates, to a reduction of 2.3 per cent in so far as prices are concerned.

Tonight, as I took down the words of the minister, I found he predicted an increase in the gross national product for the coming year of 6 per cent but, for the first time in many years I found absent from that statement those qualifying words that have been typical in the past from my hon. friend and his predecessors, "subject to normal crops, stable prices and no untoward external events." Are we to assume, as a result of this absence that stable prices are now an unrealistic assumption on the part of the minister? Did he get discouraged from the poor estimating that was done last year? Is inflation to be accepted?

I do not know when in the history of any administration the country has lost as much ground in as short a period of time and I want to give some indication of that situation. As to lost ground in so far as the shareholders of Canada are concerned, here are some of the indications. The net debt during this administration has gone up $1,084 million. The unemployment insurance fund has been depleted by $504 million. We no longer have the defence equipment account; $165 million is gone there. The minister has even changed the method of reporting to this house this year. For the first time in many years the deficit on the old age security account is not taken into this year's expenditures. That fact accounts for another $24 million which would increase the deficit from $406 million, as reported, to $430 million for 1959-60.

In any event those items total $1,777 million in three years. A rough estimate of the population would be perhaps 17,700,000. I suggest that makes mathematical calculation very easy. One will recognize the fact that the net worth of the shareholders in Canada in this short time has gone down $100 per person. To use the old phrase which the Prime Minister (Mr. Diefenbaker) used to use, namely "an average family of

five", this means $500 a family. I suggest to you, Mr. Speaker, that that is an indication of the lost ground under this administration of which I have spoken.

In addition to that consideration, this administration is now collecting more taxes from more people than any other government in history. The minister has indicated tonight that next year, as compared to this year, he proposes to take out, of the Canadian populace an additional $591 million in taxes and that figure does not include the additional amount he will take, as compared to this year, on the old age security account. A little bit of calculation there again I think will indicate that this works out to about $30 per capita. If you multiply that figure by five, it is an increase of $150 a year for an average family of five persons. Indeed, the long arm of the Minister of Finance is certainly going very deep when we have such an astronomical increase in the proposed take from taxes such as he has indicated to us tonight.

The minister has an extremely slender budget surplus forecast; I think it was $12 million. Based on revenues in excess of $6 billion, one can understand how unreliable an estimate of that kind can be. In addition to that, it seemingly would indicate that to attain that budget surplus on the estimated expenditures he will come to this parliament in the coming twelve months with supplementary estimates totalling only $140 million. We all know that in recent years, even under this Minister of Finance, after the opening of the fiscal year we have been getting later supplementary estimates that at times have totalled between $400 million and $500 million additional to those contained in the blue book of estimates.

In addition to that, quite apart from the budget, this administration in three years has reported to this house cash deficits that totalled $2,338 million. Is it any wonder that the position for financing of our junior governments and of the business of this country has been greatly embarrassed by this type of activity? Certainly it is true that this government and the minister have been hogging this market and others have had very little chance indeed.

Tonight, if I took down the minister's words correctly, he said this with respect to debt management:

> In reporting to the house a year ago on the management of our public debt I pointed out that the large conversion loan operations undertaken during the summer of 1958 had removed a source of heavy pressure on the bond market and that by substantially lengthening out the average term of our debt a sound debt management policy could be developed and carried forward.

[Mr. Benidickson.]

The minister pounds away on this theme. He referred again to the "great conversion loan" of 1958. In the press release with respect to it in 1958 these were his words:

> This great conversion will lay the foundations for a new healthy and confident tone to our whole bond market, and the beneficial results of this will extend well beyond the market for Canada bonds and into the market for provincial, municipal and corporate bonds.

I wonder what our provincial treasurers think now of that statement. I wonder what our school boards and the municipalities, in their desperate financial state today, think about it. I find that on page 88 of the minister's white paper tabled the other day he has given an average interest rate of 3.96 per cent with respect to our public debt on March 31, 1960. I think it is not just a coincidence, that this is the highest rate on our public debt since the last Conservative administration, that of R. B. Bennett, in 1935.

In addition to that, there is more of our direct and guaranteed securities maturing within two years from February 29 of this year than there was prior to the launching of this great conversion loan, all borrowed by the present administration and coming due under the policies of the government. In addition to that, when we were told about the conversion loan a reference was made to the balance that was piling up and coming due within eight years. I think $6,400 million was mentioned. The situation today is that almost the same amount is falling due within eight years as there was prior to the launching of this "great conversion loan".

There has not been a great deal of applause, outside of this house for the performance of the administration financially during the past year unless it comes from the moneylenders. There certainly has not been any applause from the taxpayers. I have indicated that they were obliged to pay $676 million last year more than they paid into the treasury of the minister in the previous year. There certainly is not any applause from the unemployed. There should not be any applause from the consumer. I have stated that the bureau of statistics reports indicate there has been a 2.3 per cent price increase related to gross national expenditures. There is certainly no cheering from the provinces, the municipalities, the school boards or business, large or small. I greatly doubt whether civil servants are going to cheer very much about the statement of the minister tonight. There certainly should be very little cheering from the young people of this land who have facing them the prospect of home building. That, of course, is a very formidable undertaking indeed with the high interest rates prevailing.

I do not propose to be a Cassandra but I think the minister has been unduly optimistic.

I think it is only right that someone should draw the attention of the house and of the country to some factors that certainly are not in this atmosphere tonight as a result of this glowing report we have heard from the Minister of Finance.

Unemployment has been increasing every month. Bank loans this year have declined by comparison with last year. We read the other day about heavy lay-offs in the automobile and other industries. Freight carloadings, always an impressive statistic in the estimation of the Prime Minister, are not above those of 1959; bankruptcies have increased by comparison with 1959. With regard to the unemployment insurance fund in one year the minister has to report to us in the white paper that the fund is down a further $126 million.

The trade deficit was a real shock to this country. We have heard tonight, with respect to it, again, just preachings, not remedies. Opportunities for employment have certainly not been opening up as rapidly as the labour force has been increasing, and we do not seem to have any remedies presented to us by the minister. Soft commodity prices are certainly not encouraging the building up of inventories. Everybody recognizes that in recent months the optimism of the business community has moderated. We have had very little in the way of guidance and leadership in the fiscal proposals of the minister tonight. This, indeed, is a very tepid budget. I think that if we were to call it anything at all it could be described as a "do-nothing" budget. That is what we have in front of us in the minister's presentation.

We were not looking forward to very much from the minister tonight, because we feel that in the monthly preachings he has been making in Toronto and elsewhere—he eliminated one month's speech in order that we should get something from him tonight—he has fairly well dealt with this theme of "work and save". The hon. gentleman said recently in Saskatoon that we were now in a period of unprecedented boom and market expansion.

Some hon. Members: Hear, hear.

Mr. Benidickson: Then, in the conclusion of this speech he urged everyone to take self denying measures, use self-discipline, and—at least I can understand why the minister should have emphasized this—exercise forbearance. He then urged self-denial. There certainly is not very much except an appeal for self-denial as far as this budget is concerned.

I suggest this is pretty cold porridge for the unemployed and for many other people who are certainly not sharing in what the minister refers to as unprecedented boom.

May I adjourn the debate?

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

TORMENTINE, N.B.-BORDEN, P.E.I. FERRY—CONTRACT

Question No. 122—**Mr. Brassard (Lapointe):**

1. Has the government, during the last few months, awarded a contract for the construction of a ferry boat to carry automobiles between Tormentine, New Brunswick, and Borden, Prince Edward Island?
2. If so, were public tenders called for the said contract?
3. Who were the tenderers and what was the amount of their respective tenders?
4. Who was awarded the contract, and at what price?
5. What is the length, beam and power of the said ferry boat?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.

2. Yes.

3. Halifax shipyards, Halifax, N.S., $2,970,-241; Saint John Dry Dock Co. Ltd., Saint John, N.B., $3,083,000; Geo. T. Davie and Sons Ltd., Lauzon, P.Q., $3,157,618; Canadian Shipbuilding and Engineering Ltd., Collingwood, Ont., $3,269,000; Davie Shipbuilding Limited, Lauzon, P.Q., $3,269,450; Canadian Vickers Limited, Montreal, P.Q., $3,442,281; Marine Industries Ltd., Sorel, P.Q., $3,732,000.

4. Halifax Shipyards, Halifax, N.S., $2,970,-241.

5. Length O.A. 279'6"; breadth extreme 60'4"; depth 20'; power 5200 S.H.P.

AIR TERMINAL BUILDING FURNISHINGS, KELLY LAKE, HALIFAX

Question No. 253—**Mr. McWilliam:**

1. Were tenders called by the Department of Transport for furnishings in the air terminal building at Kelly lake, Halifax?
2. If so, who submitted tenders and what was the amount of each?
3. Has a contract been awarded?
4. If so, did the successful tenderer include all requirements for furnishings as specified in the original tender?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.

2. Tenders were received from:

(a) S.P. Zive and Son, Limited, $92,908.14, (this bid was not in accordance with the tender requirements and could not be accepted).

(b) H.H. Popham and Company, Limited, $98,373.21.

(c) Seaman-Cross Limited, $105,064.48.

(d) The Robert Simpson Eastern Limited, $110,847.95.

(e) Dictating Equipment Maritimes Limited, $34,977.24, (this bid was incomplete covering only a part of the work and lower bids for the same part were received from (b) and (c) above).

3. Yes, to H.H. Popham and Company, Limited, the lowest bid meeting the tender specifications.

4. Yes.

MAIL CONTRACT, ST. JEAN-CANTIC, QUE.

Question No. 295—**Mr. Dupuis:**

1. During the last fifteen years have tenders been called for the conveyance of mail between St. Jean and Cantic, Quebec?
2. If so: (a) on what dates were tenders opened? (b) what are the names of those who submitted tenders and the amount of each tender? (c) to whom was the contract awarded in each case?
3. Who is the holder of this contract at present, and since what date?
4. Are new tenders to be called shortly? If so, when?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes.

2. (a) July 16, 1948, for a service Lacolle and St. Jean.

(b) Léo Tremblay, St. Blaise, $1,795; Georges Aimé Bouchard, St. Valentin, $1,800; J. A. Tétreault, Lacolle, $1,980; Jean-Baptiste Bouchard, Lacolle, $2,400; René Choquette, Lacolle, $2,700; Floribert Robillard, Grande Ligne, $2,700; Léopold Blain, Lacolle, $3,250; Alexis Pelletier, Lacolle, $4,000; Fred Grégoire, Lacolle, $4,000.

(c) Léo Tremblay, St. Blaise—$1,795 per year.

3. Léo Tremblay, since November 1, 1948; contract renewed without tender calls in 1952 and 1956.

4. No decision will be taken on this contract until July 1, 1960.

SALE OF "MINAS" FSE-189

Question No. 316—**Mr. Bourget:**

1. Has the *Minas*, FSE-189 of the coastal convoy of the Royal Canadian Navy been sold?
2. If so, were tenders called with respect to this sale?
3. What are the names of those who submitted tenders and the amount of each tender?
4. To what company or what person was this vessel sold?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. Yes.

2. Yes.

3. The first call for offers produced four bids as follows:

Stradiotti Brothers Limited, 2582 Kent street, Vancouver 16, B.C., $6,001.

Gordon H. Smith, 3935 Holland ave., Victoria, B.C., $4,561.

Hogan Truck & Equipment Limited, 12835 Trans-Canada Hwy., Box 235, Whalley, B.C., $3,156.

Torbay Trading Co. Limited, c/o 1865 Stewart street, Vancouver, B.C., $2,000.

A late bid was received from Davis Trading and Supply Co., 115 East 2nd ave., Vancouver 10, B.C., for $12,600. All bids were refused and a second call brought the following offers:

Wagner, Stein and Greene Co., 1832 Store street, Victoria, B.C., $14,900.

Atlas Iron and Metals Ltd., 250 Prior street, Vancouver, B.C., $14,750.25.

Zidell Machinery and Supply Co., 3121 S.W. Moody St., Portland, Oregon, $11,353.53.

Davis Trading and Supply Co., 115 E. Second ave., Vancouver, B.C., $9,250.00.

B.C. Brokerage Co. Ltd., Granville Island, Vancouver, B.C., $8,200.00.

O. H. "Doc" Freeman, Northlake Boat Sales, 999 Northlake Way, Seattle, Washington, $5,689.76.

Gordon H. Smith, 8937 Holland ave., Victoria, B.C., $3,175.00.

Thomas S. Byrn, 1838 West 17th ave., Vancouver, B.C., 3,150.00.

Hogan Truck and Equipment Ltd., 12835 Trans-Canada Hwy., Box 235, Whalley, B.C., $2,000.00.

4. Sold to Wagner, Stein and Greene Co., 1832 Store street, Victoria, B.C.

BUDGET PAPERS

presented by

the Honourable Donald M. Fleming, M.P.,

for the information of Parliament

in connection with the Budget of 1960-61

79951-0—172

FOREWORD

The purpose of these Papers is twofold:

1. to present a general economic review of 1959, bringing together in one place and in convenient form some of the more comprehensive indicators of economic conditions prepared by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies, together with brief comments;

2. to present a preliminary review of the Government Accounts for the fiscal year ended March 31, 1960.

79951-0—172½

PART I

ECONOMIC REVIEW OF 1959

PAGE

1. National Accounts—
   - National Income and Product 2713
   - National Expenditure 2715
   - Personal Income and its Disposition 2718
   - Source and Disposition of Saving 2720
   - Investment and Capital Expenditure 2721
   - Revenue and Expenditure of All Governments 2724

2. Balance of International Payments 2728

3. Employment and Earnings 2734

4. Financial Developments 2736

5. Price Trends 2740

The tables in this Budget Paper are based upon estimates provided by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies. Some of the figures appear for the first time; others have been published elsewhere. All 1959 estimates are preliminary and subject to revision.

THE NATIONAL ACCOUNTS

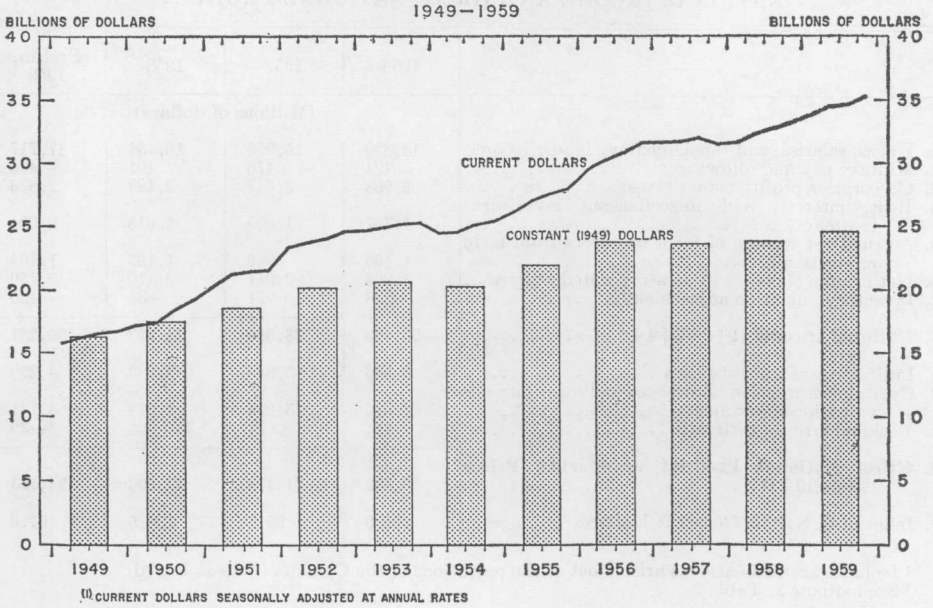
National Income and Product

Gross National Product in 1959, according to preliminary estimates, amounted to $34.6 billion, more than 6 per cent above that of 1958. Most of the increase represented gains in the volume of production; the rise in prices was about 2 per cent.

The increase in the volume of production in 1959 was the first significant gain in real output since 1956 and compares with a postwar average of about 4 per cent. The rise in output had been underway since mid-1958, but 1959 was the first full year to feel the impact of the current expansion. The expansion proceeded until the third quarter of 1959 when there was a temporary pause, caused in part by the effects of some major labour disputes. By the fourth quarter of the year, however, the upswing had been resumed, and the final quarter annual rate of Gross National Product of $35.3 billion was 2 per cent above the average of 1959 as a whole.

It is also possible to measure changes in real output on an industrial basis. While official statistics do not completely cover all sectors of production, there are indications that the rise in total real output, as measured this way, may have been more than 4½ per cent. The gain in output was widespread among industrial groups, with both goods-producing and service industries higher by that amount. The largest gains were registered in mining and forestry (which reflected the pickup in demand from abroad for Canadian wood and metal products) and in public utilities and durable and non-durable goods manufacturing. By year end the pace of the upswing had brought total industrial output to a level 8 per cent above the previous peak at the beginning of 1957. Output in durable manufacturing, which had generally declined from the beginning of 1957 to the autumn of 1958, rose substantially throughout 1959 and by October had almost reached the previous peak. There was little change in the

GROSS NATIONAL EXPENDITURE
IN CURRENT AND CONSTANT (1949) DOLLARS[1]
1949—1959



[1] CURRENT DOLLARS SEASONALLY ADJUSTED AT ANNUAL RATES

level of agricultural production. Output in construction and in fishing and trapping was somewhat below the level of 1958. The decline in construction activity was the result of a slightly smaller level of housebuilding and a moderately lower level of private non-residential building for the year as a whole. In the last half of 1959, however, private business construction was increasing.

There was a substantial increase in employment during the year as the increase in production opened up new job opportunities. Total employment rose by 156,000 persons from 1958 to 1959. At the same time the growth in the labour force was 101,000 persons so that the number without jobs and seeking work fell from an average of 405,000 in 1958 to 350,000 for the year 1959. This represented 5.6 per cent of the labour force in 1959 compared with 6.6 per cent in 1958.

Increased production and employment provided the basis for a rise in income in 1959; national income was up 6.4 per cent. Most major income groups showed gains over the preceding year. As is typical of periods of economic expansion, corporation profits rose more than other elements of the national income, increasing by 14 per cent over 1958 and almost reaching the 1956 peak. Labour income rose throughout the year reaching a record level of $17.7 billion, almost 8 per cent above the previous year. The number of paid workers increased by 3.7 per cent; average hours worked in manufacturing were up from 40.2 hours to 40.7 hours per week, and average hourly earnings increased by 4 per cent. Consumer prices rose only about 1 per cent in 1959 so that there was a substantial increase in total real income. After allowing for the increase in population, there was a considerable gain in real income per capita.

Corporations increased their profits almost to the level of the previous record of 1956 as output was higher and costs remained relatively stable. Corporation profits amounted to $2,836 million in 1959, up from $2,483 million in 1958. Profits had risen sharply in the final quarter of 1958 and remained at this higher level throughout 1959, increasing only moderately throughout the year.

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

—	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
1. Wages, salaries, and supplementary labour income	14,890	15,996	16,434	17,717
2. Military pay and allowances	424	476	491	496
3. Corporation profits before taxes	2,908	2,547	2,483	2,836
4. Rent, interest, and miscellaneous investment income	1,767	1,905	2,015	2,094
5. Accrued net income of farm operators from farm production[1]	1,450	996	1,193	1,108
6. Net income of non-farm unincorporated business	1,965	2,011	2,119	2,150
7. Inventory valuation adjustment[2]	−238	−71	−33	−120
8. **National Income** (1+2+3+4+5+6+7)	**23,166**	**23,860**	**24,702**	**26,281**
9. Indirect taxes less subsidies	3,636	3,848	3,883	4,220
10. Capital consumption allowances and miscellaneous valuation adjustments	3,642	3,994	3,923	4,131
11. Residual error of estimate	141	71	98	−39
12. **Gross National Product at Market Prices** (8+9+10+11)	**30,585**	**31,773**	**32,606**	**34,593**
13. Index of G.N.P. in Constant Dollars	100.0	99.7	100.5	104.0

[1] Includes accrued earnings arising out of the operations of the Canadian Wheat Board.
[2] See footnote 2, Table 2.

Rent, interest and miscellaneous investment income increased by almost 4 per cent.

Farm output remained high and cash income was at about the 1958 level of $2.8 billion, 3 per cent below the 1952 record. The farm labour force declined a further 3 per cent during the year to a level almost one-quarter below that of 1952, and per capita farm cash income continued to increase. Accrued net farm income amounted to $1,108 million in 1959, 7 per cent below that of the previous year. The 1959 grain crop was larger than that of 1958 and marketings were about the same. In both years marketings exceeded production and stocks were drawn down. Income from the sale of livestock was almost unchanged in the year; a decline in marketings of cattle and calves, associated with lower exports to the United States, was mostly offset by higher income from hogs.

Net income of unincorporated business amounted to $2,150 million in 1959, 1.5 per cent above the level of the preceding year. The major gains in this sector were accounted for by service industries and transportation. Net income in forestry also rose, in line with higher levels of operations in the woods industries.

National Expenditure

The strength of domestic demand which had sustained the Canadian economy in 1958 provided impetus to the expansion of production in 1959. Consumer expenditure, supported by higher levels of income, provided the main stimulus to demand in dollar terms. The increase in government expenditure on goods and services was also a significant element in the expansion of domestic demand. Private investment was almost unchanged from the 1958 level. Expenditures on new housing declined very slightly from the record of the previous year, while non-residential construction was 8 per cent below 1958. On the other hand, business investment in machinery and equipment was 9 per cent above 1958, and was decidedly stronger in the second half of the year. Exports responded to the rising tempo of economic activity abroad and reached a record level. The rising level of total demand prompted a buildup in inventories, in contrast to 1958 when there had been a liquidation of inventories. About three-quarters of the increased demand was met by means of higher domestic production, and the remaining one-quarter by higher imports. It should be noted that the movement of imports has been considerably more volatile than that of total Canadian demand; in periods of slackening demand, imports tend to decline more rapidly than other components of Gross National Expenditure so that the decline in domestic production is mitigated. Conversely, in periods of expanding demand, imports tend to increase more rapidly than other components.

The average consumer increased his volume of real spending on consumer goods and services by more than 2 per cent in 1959. The value of consumer expenditure on goods and services rose by 6 per cent and amounted to $22.3 billion. Expenditures rose steadily throughout the year and by the fourth quarter of the year had reached a seasonally adjusted annual rate of $22.8 billion. Almost all of the rise in value represented a gain in volume. Average prices of consumer goods and services in 1959 were only one per cent above the average of 1958, while average prices in 1958 had been 2½ per cent above those of 1957. The gain of almost 5 per cent in the volume of consumer expenditure contrasts with a population increase of about 2½ per cent.

In 1959 expenditure by all levels of government on goods and services amounted to $6,437 million, 4½ per cent above 1958. This is in contrast to increases of 7 per cent in both 1957 and 1958. All of the gain in 1959 was at the provincial and municipal levels; total federal expenditure on goods and services declined slightly, with an increase in federal non-defence spending not quite offsetting a decline of about 6 per cent in defence expenditure. About

three-quarters of the net increase in total government spending was accounted for by capital expenditures which rose by 15 per cent to a level of $1,600 million. Other government non-defence expenditure on goods and services in 1959 was about 5 per cent above the level of 1958.

Private capital expenditures, including housing, moved upward strongly during 1959 and the fourth-quarter rate was 5 per cent above that for the beginning of the year. For the year as a whole, private capital expenditure amounted to $6,961 million, about equal to 1958 and 5 per cent below the 1957 record of $7,335 million. Since prices of capital goods increased somewhat during 1959, the volume of capital expenditures declined about 3 per cent from that of the previous year.

The pattern of investment expenditure in 1959 was somewhat different from that of 1958. In the latter year there had been declines in spending on business plant and machinery, offset to some extent by a sharp increase in housing expenditure. In 1959 housebuilding activity was at almost the record level set in 1958 and, while business expenditure on plant was lower, there was a significant recovery in investment in machinery and equipment.

TABLE 2

GROSS NATIONAL EXPENDITURE

—	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
1. Personal expenditure on consumer goods and services	18,833	19,964	21,035	22,261
2. Government expenditure on goods and services	5,386	5,738	6,161	6,437
current expenditure	4,126	4,356	4,772	4,837
gross fixed capital formation	1,260	1,382	1,389	1,600
3. Business gross fixed capital formation[1]	6,774	7,335	6,975	6,961
new residential construction	1,526	1,409	1,763	1,743
new non-residential construction	2,589	3,103	2,811	2,592
new machinery and equipment	2,659	2,823	2,401	2,626
4. Value of physical change in inventories—total[2]	1,084	210	−435	300
non-farm business inventories	808	311	−323	355
farm inventories	241	−152	−79	−67
grain in commercial channels	35	51	−33	12
5. Exports of goods and services[3]	6,365	6,394	6,332	6,657
6. Imports of goods and services[3]	−7,715	−7,796	−7,363	−8,062
7. Residual error of estimate	−142	−72	−99	39
8. Gross National Expenditure at Market Prices (1+2+3+4+5+6+7)	**30,585**	**31,773**	**32,606**	**34,593**
9. Index of G.N.E. in Constant Dollars	100.0	99.7	100.5	104.0

[1] Includes private businesses and institutions, and publicly owned business enterprises.

[2] The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 7, Table 1).

[3] Minor adjustments have been made to the figures of current receipts and payments shown in Table 10 and in "The Canadian Balance of International Payments, 1956 to 1959", Dominion Bureau of Statistics, to achieve consistency with the other component series.

Housebuilding in 1959 was at a level of $1,743 million compared with the $1,763 million spent in 1958. After allowing for a rise in building costs, the volume of housebuilding activity was about 5 per cent below that of 1958. In terms of physical activity 145,671 housing units were completed in 1959, almost equal to the 1958 record of 146,688 units; at the same time 141,345 starts were recorded, as against 164,632 in the preceding year. At year end, there were 81,905 units still under construction; at the same period a year previously 88,162

units were under construction. As in 1958, government action played an important role in the financing of housebuilding; there were about 34,000 mortgages financed directly by government funds.

Outlays in private non-residential construction were $2,592 million in 1959, 8 per cent below the 1958 level and 16 per cent below the record year 1957. The declines reflect the completion of large projects begun in 1956 and 1957, years of an extraordinary capital goods boom. By 1958 the major work had been completed on large projects such as the St. Lawrence Seaway, and work done in 1959 represented a greater emphasis on a large number of smaller projects throughout all sectors of the economy. There was a decided strengthening of private non-residential construction throughout 1959 and the fourth-quarter rate was 2 per cent above the year as a whole. Prices were about 2½ per cent higher than in 1958.

Investment in machinery and equipment, which includes outlays both for the equipment of new plant and the modernization of existing plant, rose more than 9 per cent in 1959 to a level of $2,626 million. Prices of machinery and equipment were about 2½ per cent above those of 1958 so that there was a significant gain in the volume of investment for the year. The peak in expenditures on machinery and equipment was reached at the beginning of 1957 and there had been a decline until the middle of 1958 when the current upswing began. Outlays in 1959 were the third highest on record, being exceeded only by the extraordinary years of 1956 and 1957. In the last half of 1959, expenditures on machinery and equipment were at a rate 17 per cent above the low point in 1958.

The accumulation of inventories was a major source of expansion for the economy in 1959 and bore a more reasonable relationship to current sales than the excessive accumulation of some earlier periods. The buildup of inventories amounted to $300 million, in contrast to a decline of $435 million in 1958. This reversal increased demand for investment in inventories by $735 million or more than one-quarter of the increase in total demand.

Farm inventories and grain in commercial channels decreased by $55 million in 1959; there had been a larger liquidation amounting to $112 million in 1958. In the latter year, the grain crop was below average and sales were met out of inventories; there had also been an unusually high level of exports of cattle to the United States. In 1959 total marketings were about the same as in the previous year, while the grain crop was larger and there was no repetition of the unusually high cattle sales abroad.

All of the inventory accumulation occurred in the non-farm sectors. The liquidation in 1958 had come to a halt by the fourth quarter of 1958 when a slight accumulation took place. This was followed by a strong accumulation throughout the entire year 1959. For the year as a whole, the business inventory accumulation amounted to $355 million; stocks increased in the manufacturing, retail and wholesale sectors. In total, the percentage rise in inventory holdings was in line with the rate of increase in shipments and sales.

Exports of goods and services set a record in 1959 and totalled $6.7 billion, 5 per cent above 1958 and 4.6 per cent above the 1956 level. This increase reflected a strong pickup in foreign demand. While exports rose generally throughout the year, the fourth-quarter movement showed particular strength. Imports of goods and services rose in 1959 to $8.1 billion, 9½ per cent above 1958 and 4.5 per cent above the 1956 level. The upswing in imports began in the fourth quarter of 1958 and there was a gradual increase throughout 1959. The 1959 total of imports was 4½ per cent above the rate of the fourth quarter of 1958.

Personal Income and Its Disposition

Personal income in 1959 increased by 6.1 per cent over the preceding year and totalled $25,940 million*. Almost all components showed an increase. The gain over 1958 was fractionally less than that of national income, in contrast to the experience of the preceding two years. There were two main reasons for this difference in movement. Corporation profits rose more rapidly than did the other items in national income, as is typical of a period of upswing and, as noted, corporation profits are excluded from personal income. Transfer payments from government rose only 5 per cent in 1959 in contrast to sharp increases in the two previous years. In part, this movement reflected the decline in unemployment insurance payments in 1959 as the level of unemployment declined considerably. The decline in unemployment insurance payments was more than offset by the increase in payments under the hospital insurance scheme; the scheme came into effect on July 1, 1958 and 1959 was the first full year of operation.

TABLE 3

SOURCES OF PERSONAL INCOME

—	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
1. Wages, salaries and supplementary labour income...	14,890	15,996	16,434	17,717
Deduct: Employer and employee contributions to social insurance and government pension funds.....	−532	−589	−614	−664
2. Military pay and allowances.....	424	476	491	496
3. Net income received by farm operators from farm production[1].....	1,430	1,002	1,197	1,116
4. Net income of non-farm unincorporated business...	1,965	2,011	2,119	2,150
5. Interest, dividends and net rental income of persons[2]	1,908	2,013	2,120	2,300
6. Transfer payments to persons (excluding interest)—				
(a) from government.....	1,766	2,079	2,657	2,785
(b) charitable contributions made by corporations.....	34	36	36	40
7. **Personal Income** (1+2+3+4+5+6).....	**21,885**	**23,024**	**24,440**	**25,940**

[1] Excludes undistributed profits of the Wheat Board and an inventory valuation adjustment on a calendar year basis for grain held by the Wheat Board.

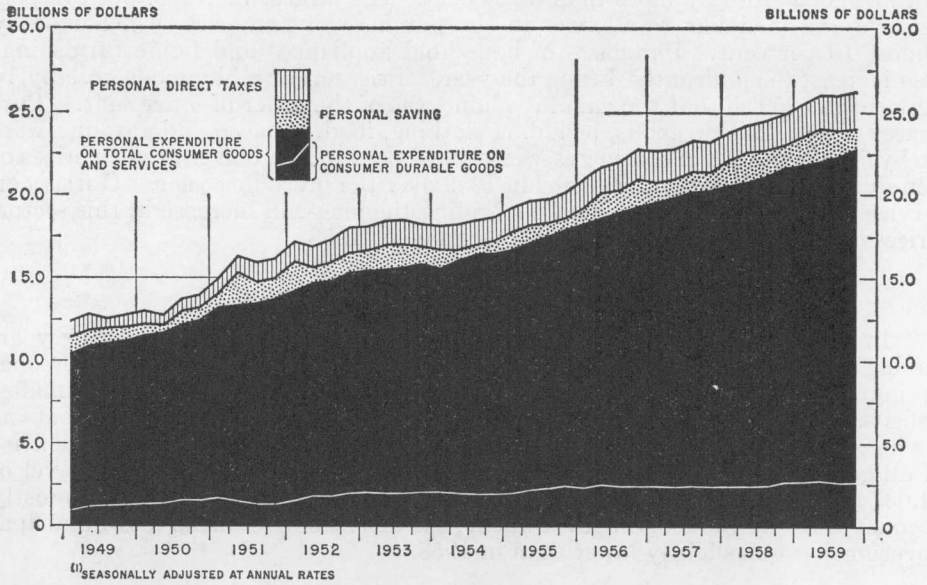
[2] Includes all government debt interest paid to persons.

Personal direct tax payments increased by 16 per cent in 1959 reflecting a higher level of wages and salaries, slightly higher rates of taxation in the upper income brackets and a sharp rise in miscellaneous taxes, representing mainly the premiums paid under the hospital insurance scheme. Income tax collections amounted to $1,747 million in 1959, 12 per cent above the previous year. Succession duties were up slightly at $130 million while payments of miscellaneous direct taxes almost doubled to $211 million.

After deducting direct taxes from personal income, the residual, or personal disposable income, totalled $23,852 million, 5.3 per cent more than in 1958.

* Personal income differs from national income in a number of ways although the components of these two totals are for the most part similar or identical. While national income is the total of the annual earnings of Canadian residents from the production of goods and services, personal income is the sum of the current receipts of income of persons, whether from production or from transfers. For example, personal income includes all wages and salaries, but only that part of corporation profits which is actually received by Canadian persons as dividends. Personal income also includes transfer payments such as family allowances, old age pensions, veterans' benefits and charitable contributions of corporations, although these are not payments for services and do not, therefore, form part of national income.

DISPOSITION OF PERSONAL INCOME[1]



Personal saving rose to $1,591 million and was 6.7 per cent of disposable income in 1959 compared with the 7.1 per cent achieved in 1958. This contrasts to an average savings ratio of 6.5 per cent over the ten-year period 1949–1958. Personal saving is represented by changes in the assets and liabilities of persons and would include, for example, changes in holdings of liquid assets, life insurance, outstanding consumer debt and mortgage debt and the value of changes in inventories of unincorporated business and farmers.

TABLE 4

DISPOSITION OF PERSONAL INCOME

	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
1. Personal direct taxes—				
(a) income taxes	1,496	1,693	1,555	1,747
(b) succession duties	146	126	126	130
(c) miscellaneous taxes	90	98	113	211
Total direct taxes	1,732	1,917	1,794	2,088
2. Personal expenditure on consumer goods and services—				
Goods—				
(a) non-durable	9,736	10,357	10,853	11,400
(b) durable	2,431	2,431	2,500	2,658
Services	6,666	7,176	7,682	8,203
Total consumer expenditure	18,833	19,964	21,035	22,261
3. Personal saving—				
(a) personal saving excluding farm inventories	1,079	1,295	1,690	1,658
(b) change in farm inventories	241	−152	−79	−67
Total personal saving	1,320	1,143	1,611	1,591
4. Personal Income (1+2+3)	**21,885**	**23,024**	**24,440**	**25,940**

At the same time that consumers maintained their savings they also spent more on durable goods, non-durable goods and services. Outlays on consumer durable goods rose by more than 6 per cent. The largest increase, both in percentage and in dollar terms, was in the purchase of new cars, which rose by almost 10 per cent. Purchases of household appliances and home furnishings also increased significantly during the year. Prices of durable goods rose by 1½ per cent in 1959 so that the gain in volume was of the order of 5 per cent. Purchases of non-durable goods, including clothing, food, tobacco and gasoline were up by 5 per cent. All of this increase in value represented a real gain since prices of non-durable goods were unchanged in 1959 over the preceding year. Outlays on services rose by about 7 per cent, continuing the long-run increase in this sector. Prices of services were 3 per cent higher than in 1958.

Source and Disposition of Saving

In 1959 there was a sharp increase in total saving over the preceding year. Saving totalled $5,895 million, 9 per cent above the level of 1958. Personal saving was maintained. Business saving increased while there was a smaller deficit (i.e., negative saving) for all levels of government so that governments as a whole drew less upon the saving of persons and businesses. In 1959 the deficit* of all governments combined was sharply down to $617 million from a level of $1,037 million in the preceding year. The decline in the total deficit was mostly accounted for by the federal government; the deficit of provincial and municipal governments was slightly lower than in 1958.

TABLE 5

SOURCES OF SAVING

—	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
Personal saving[1]	1,320	1,143	1,611	1,591
Business gross saving—total	4,793	4,858	4,771	5,080
(a) Undistributed corporation profits[2]	1,131	870	852	957
(b) Depreciation allowances	3,642	3,994	3,923	4,131
(c) Adjustment on grain transactions[3]	20	−6	−4	−8
Inventory valuation adjustment	−238	−71	−33	−120
Adjusted government surplus (+) or deficit (−)[4]	350	70	−1,037	−617
Residual error of estimate[5]	141	71	98	−39
Total	6,366	6,071	5,410	5,895

[1] See Table 4.
[2] See Table 7.
[3] Accrued earnings arising out of operations of the Canadian Wheat Board.
[4] See Table 9.
[5] See Tables 1 and 2.

Business saving increased substantially in 1959 to $5,080 million and provided the major part of total Canadian saving. Depreciation allowances, the largest item in the total, rose by $208 million to $4,131 million. Undistributed corporation profits increased from $852 million to $957 million as the sharp rise in corporation profits was only partly offset by higher dividend payments.

* Government saving would be represented by the excess of revenue over expenditure for all three levels of government combined. Revenues are computed on an accrual basis, in accordance with national accounts convention and differ from revenues on a cash basis.

TABLE 6

DISPOSITION OF SAVING

—	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
Business gross fixed capital formation	6,774	7,335	6,975	6,961
Value of physical change in inventories	1,084	210	−435	300
Surplus (+) or deficit (−) on current account with non-residents[1]	−1,350	−1,402	−1,031	−1,405
Residual error[2]	−142	−72	−99	39
Total	6,366	6,071	5,410	5,895

[1] Minor adjustments have been made to the figures appearing in Table 10.
[2] See Tables 1 and 2.

In 1959 the deficit on international current account, on the national accounts basis, amounted to $1,405 million, up from the 1958 level and about the same as in 1957. The deficit on current account was matched by an inflow of foreign capital; the main items in this inflow were direct investment from abroad and new security transactions. The capital inflow served to supplement the flow of Canadian saving.

TABLE 7

CORPORATION PROFITS, TAXES AND DIVIDENDS

—	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
Corporation profits before taxes including dividends paid to non-residents[1]	3,345	3,027	2,930	3,326
Deduct: corporation income tax liabilities	1,413	1,326	1,280	1,506
Excess of tax liabilities over collections	40	−225	−53	69
Tax collections	1,373	1,551	1,333	1,437
Corporation profits after taxes	1,932	1,701	1,650	1,820
Deduct: dividends paid out[2]	−801	−831	−798	−863
Undistributed corporation profits[3]	1,131	870	852	957

[1] Includes depletion charges and is adjusted for losses, and for conversion to a calendar year basis.
[2] Includes charitable contributions made by corporations (See Table 3).
[3] See Table 5.

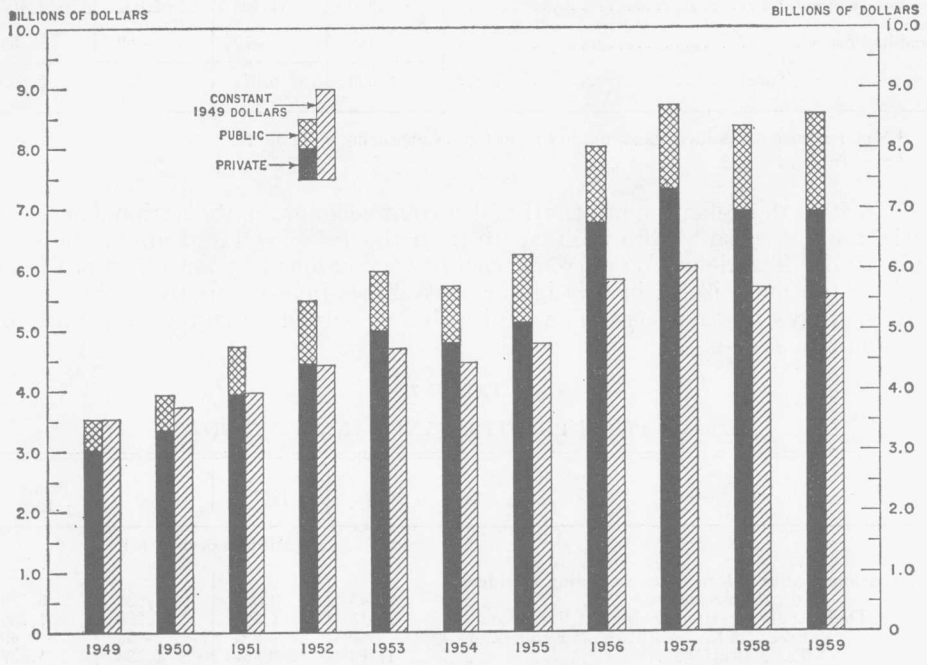
Investment and Capital Expenditure

The value of capital investment increased slightly in 1959 after having declined the previous year from the extraordinary levels achieved in 1957. Private and public spending on capital goods totalled $8,411 million or 24.3 per cent of Gross National Expenditure. This ratio is lower than those achieved from 1956 to 1958, but higher than all other postwar years.

Trends in capital expenditure in the past three years have reflected in large part the completion of major large-scale resource projects and a greater emphasis on a wide variety of investment, including social capital. The enormous amounts of capital invested during the resource boom of 1955-1957 provided for an expansion of basic facilities in mining and basic manufacturing for some time in advance—

the "lumpy" nature of such investment implied a cessation of investment, once the facilities were in place, until the expansion of export and domestic markets was sufficient to induce additional investment. The completion of the Seaway, some major pipelines and power projects in 1958 explains the lower level of investment in the utilities and transportation sectors in 1959. This reduction was more than offset by the expansion in investment in primary industries, service industries, and social capital both public and private. Investment in manufacturing, mining and housing was relatively unchanged from the year before.

PUBLIC AND PRIVATE CAPITAL EXPENDITURE



In 1959 there was a considerable expansion in investment in farms and forests. The rise in farm investment was associated particularly with the acquisition of machinery which increases farm productivity and which has permitted farm production to remain at the high levels previously reached in the face of the continuing decline in the number of persons engaged in agriculture. The increase in forestry investment was related to the expansion in demand for wood products. In the past few years emphasis had been given to investment in the wood-using industries rather than woods operations.

Capital expenditures in mining were almost unchanged from the level of the previous year and totalled $344 million. Outlays in manufacturing amounting to $1,074 million compared well with expenditures of $1,095 million in 1958. Both mining and manufacturing had declined sharply in 1958 from the boom levels of 1956 and 1957.

Outlays in electric power, gas and water and in the transportation, storage and communications groups continued to decline from the 1957 peak. Expenditures for these groups were 14 per cent below the levels of 1958 and 20 per cent below 1957, a measure of the extent to which basic undertakings had been completed.

TABLE 8

PRIVATE AND PUBLIC CAPITAL EXPENDITURE

—	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
Agriculture and fishing	488	434	465	555
Forestry	76	48	33	46
Mining, quarrying and oil wells	542	606	342	344
Manufacturing	1,394	1,479	1,095	1,074
Electric power, gas and water works	769	947	845	799
Transportation, storage and communications	993	1,361	1,308	1,049
Construction industry	200	158	157	183
Trade, finance and commercial services	611	690	705	759
Institutions	402	454	514	531
Housing	1,547	1,430	1,782	1,759
Government departments	1,012	1,110	1,118	1,312
Total Capital Expenditure[1]	**8,034**	**8,717**	**8,364**	**8,411**
Total Capital Expenditure as a percentage of Gross National Expenditure	26.3	27.4	25.7	24.3
Index of total Capital Expenditure in Constant Dollars	100.0	104.0	97.8	95.7

[1] For reconciliation with Business Gross Fixed Capital Formation in housing, plant and equipment in Table 2, see below.

	1956	1957	1958	Prelim. 1959
PRIVATE AND PUBLIC CAPITAL EXPENDITURE—Table 8	8,034	8,717	8,364	8,411
DEDUCT:				
Provincial hospitals and schools, and municipal schools	−222	−246	−247	−266
Government housing excl. C.M.H.C. rental housing	−21	−21	−19	−16
Direct government department outlays	−1,012	−1,110	−1,118	−1,312
Other	−5	−5	−5	−6
ADD:				
Unallocated Adjustment[2]				+150
Business Gross Fixed Capital Formation in Housing, Plant and Equipment—Table 2	6,774	7,335	6,975	6,961

[2] This figure represents an upward revision to data given in "Public and Private Investment in Canada, Outlook 1960", Department of Trade and Commerce, to take account of later available information.

Capital outlays in the service and trade sectors increased from $705 million to $759 million reflecting the continued growth in these industries. Investments by institutions also increased by $17 million.

The largest increase in capital spending was by government departments. There was a gain of $194 million over 1958. The gain was accounted for by higher provincial and municipal spending on capital facilities including roads, water services and sewers.

Outlays on housing, private and public, were almost maintained at the record 1958 levels and amounted to $1,759 million. Housing, government departments and institutional capital expenditures in 1959 were 43 per cent of total private and public investment compared with 41 per cent in 1958 and 34 per cent in 1957.

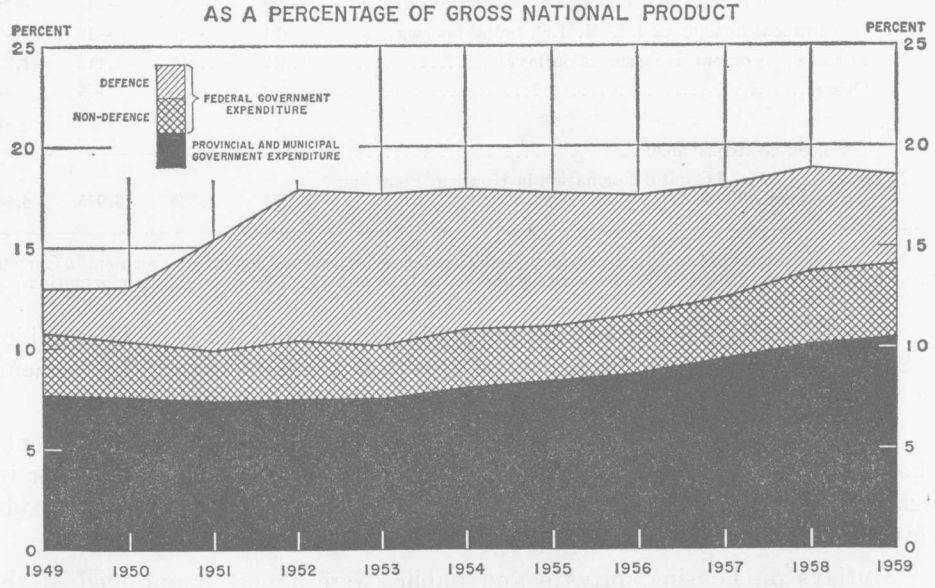
Revenue and Expenditure of all Governments

The deficit on an accrual basis for all levels of government in 1958 was $1,037 million and in 1959, $617 million.* The smaller deficit in 1959 reflects a growth in government revenues which more than offset the increases in expenditures over those in 1958.

Almost all of the reduction in the deficit in 1959 arose from the federal accounts; the deficits of provincial and municipal governments combined were only slightly reduced. Federal expenditures in 1959 increased by $258 million or 4 per cent. However, federal revenues registered an increase of $662 million, or 12½ per cent, more than double the growth in expenditures. As a result, the deficit of the federal government declined from $803 million in 1958 to $399 million in 1959. In the case of provincial and municipal governments, the growth in expenditures amounted to $568 million, an increase of 13 per cent. Provincial and municipal revenues exceeded this increase slightly, rising by $584 million or 14 per cent. Thus, the deficit for these levels of government was $218 million in 1959 in contrast to $234 million in 1958.

The 1959 expenditure on goods and services by all three levels of government was greater by $276 million than in 1958. The overall increase was composed of divergent movements at the various levels of government. While provincial and municipal expenditures in this category increased in 1959, federal outlays showed a decline due to the fall in defence expenditures. In 1959, defence expenditures declined by $101 million, or 6 per cent, following the decrease of $104 million in 1958. As a result, defence outlays comprised 24 per cent of combined government expenditures on goods and services as compared with a proportion of 27 per cent in 1958. The decrease in defence spending was partially offset by an increase in federal civilian outlays of $70 million or 6 per cent. The expansion here was

GOVERNMENT EXPENDITURES ON GOODS AND SERVICES
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT



* The following section discusses only those government transactions relevant to the National Accounts. As a result, the figures used may not agree with those shown in other Public Accounts. Table 9 indicates the reconciliation between federal deficit or surplus for purposes of the National Accounts and the comparable figures appearing in the Public Accounts. In particular, federal corporate taxes have been adjusted to an accrual basis to make this item consistent with other components of the National Accounts. In 1958 this adjustment decreased revenues by $53 million, and in 1959 increased revenues by $69 million.

considerably less than in 1958, when these expenditures increased by $226 million. At the 1959 level of $1,258 million, federal expenditures on goods and services for civilian purposes were approximately one-fifth of combined government expenditures in this category, about the same proportion as in 1958. For provincial and municipal governments, expenditures in 1959 on goods and services rose by $307 million, or 9 per cent, to a level where their combined outlays comprised 56 per cent of the total at all levels of government for this purpose. While growth in the cost to governments of wages and salaries accounted for some of the increases for goods and services, a higher level of investment expenditures also contributed to the increase.

While government expenditure on goods and services is the only government outlay included in the gross national expenditure account, it is necessary to discuss other government expenditures in order to arrive at the figure for government surplus or deficit appearing in the saving and investment account. Total expenditures at all levels of government combined were $11,230 million in 1959, an increase of $826 million, or 8 per cent, over 1958. The expenditure on goods and services made up 57 per cent of the 1959 total, a proportion slightly below that of 1958. Transfer payments to persons, interest on the public debt, subsidies and transfers to other levels of government accounted for the remainder of total government outlays. Expenditure on transfer payments to persons was much the largest of these four items, comprising in 1959, 25 per cent of all government expenditures, roughly the same proportion as in 1958.

There was a continuation during 1959 of the postwar trend towards increased expenditures on government transfer payments to persons. Taking all levels of government combined, the increase in 1959 was considerably less than in 1958 when these payments rose rapidly. In the federal sector in 1959 there was a decline of $109 million, or 6 per cent, from the level of 1958. There were diverging trends within this total movement. Family allowance and old age pension payments increased moderately due to a larger number of eligible recipients. These increases were offset by a substantial decline in outlays from the unemployment insurance fund as unemployment levels dropped in 1959. In addition, miscellaneous transfer payments declined by comparison with 1958 when a special acreage payment was made to western grain farmers. There was an increase in payments on the public debt. At the provincial and municipal levels the growth in transfer payments was substantial. Payments at these levels rose by $237 million, or 32 per cent, largely due to increased payments under provincial hospital insurance plans. The calendar year 1959 was the first full year of operation of the federal-provincial hospital insurance arrangements and the first year when the majority of provinces participated.

Federal subsidies rose by $49 million in 1959, due almost entirely to the increased cost of the agricultural stabilization program. In the case of federal transfers to other levels of government, 1959 saw a further substantial increase in these payments. In 1958, transfers to provincial and municipal governments had increased by $146 million or 28 per cent. The 1959 increase exceeded this, the transfers in 1959 being greater by $215 million, or 32 per cent, than in 1958. While increased tax rental payments to the provinces accounted for some of this growth, the major portion was due to the effect of the first full year's operation of the federal-provincial agreements on hospital insurance.

Total revenues of all levels of government showed increases in 1959 as compared with 1958. Approximately two-thirds of the increase in the yield from direct personal taxes was accounted for by the rise of $183 million, or 12 per cent, in the revenues from federal personal income taxes. This growth was due to increased personal income and the slightly higher federal tax rates introduced for the last half of 1959 on upper income brackets. At the provincial and municipal level, the most significant increase was in the revenue from miscellaneous

TABLE 9

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
GOVERNMENT REVENUE—				
Direct Taxes—Persons	1,732	1,917	1,794	2,088
Income—				
Federal	1,461	1,652	1,509	1,692
Provincial and Municipal	35	41	46	55
Succession Duties—				
Federal	88	69	70	76
Provincial	58	57	56	54
Miscellaneous—				
Federal	1	2	2	2
Provincial and Municipal	89	96	111	209
Direct Taxes—Corporations	1,413	1,326	1,280	1,506
Income—				
Federal	1,334	1,120	1,047	1,248
Provincial	79	206	233	258
Other Direct Taxes—				
Witholding taxes—Federal	69	83	48	72
Indirect Taxes	3,759	3,964	4,022	4,410
Federal	1,972	1,990	1,912	2,131
Provincial and Municipal	1,787	1,974	2,110	2,279
Investment Income	834	865	943	992
Federal	296	276	319	326
Provincial and Municipal	538	589	624	666
Employer and Employee Contributions to Social Insurance and Government Pension Funds	532	589	614	664
Federal	357	384	391	413
Provincial and Municipal	175	205	223	251
Transfers from Other Governments—				
Provincial and Municipal	485	520	666	881
Total Revenue	**8,824**	**9,264**	**9,367**	**10,613**
Federal	5,578	5,576	5,298	5,960
Provincial and Municipal	3,246	3,688	4,069	4,653

TABLE 9—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
GOVERNMENT EXPENDITURE—				
Goods and Services	5,386	5,738	6,161	6,437
Federal—				
Defence	1,802	1,765	1,661	1,560
Non-defence	881	962	1,188	1,258
Provincial and Municipal	2,703	3,011	3,312	3,619
Transfer Payments to Persons	1,766	2,079	2,657	2,785
Federal	1,224	1,463	1,910	1,801
Provincial and Municipal	542	616	747	984
Interest on Public Debt	714	741	781	937
Federal	524	519	544	678
Provincial and Municipal	190	222	237	259
Subsidies	123	116	139	190
Federal	118	108	132	181
Provincial and Municipal	5	8	7	9
Transfers to Other Governments—				
Federal	485	520	666	881
Total Expenditure	8,474	9,194	10,404	11,230
Federal	5,034	5,337	6,101	6,359
Provincial and Municipal	3,440	3,857	4,303	4,871
Deficit (−) or Surplus (+)	**350**	**70**	**−1,037**	**−617**
Federal[1]	544	239	−803	−399
Provincial and Municipal	−194	−169	−234	−218
Total Expenditure minus deficit or plus surplus	**8,824**	**9,264**	**9,367**	**10,613**
Federal	5,578	5,576	5,298	5,960
Provincial and Municipal	3,246	3,688	4,069	4,653

[1] Reconciliation with Public Accounts Surplus or Deficit shown below.

	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
Federal Government calendar year surplus or deficit for national accounts purposes	544	239	−803	−399
Adjustments:				
Difference between calendar and fiscal year	−305	73	409	−34
Difference between corporation tax accruals and government receipts	−40	225	53	−69
Revenue items omitted	37	68	22	23
Reserves, write-offs and similar items omitted from expenditure	−118	−247	−219	−253
Shipment of military equipment to NATO countries less replacement	22	32	188	36
Extra-budgetary funds for pensions and social insurance (net)	−157	−72	249	41
Adjustment to place debt interest on a "due date" basis	8	−12	−24	−55
Other adjustments	−24	−48	87	101
Federal surplus for fiscal year as per public accounts	−33 (1955–56)	258 (1956–57)	−38 (1957–58)	−609 (1958–59)

taxes where yields rose by $98 million. The growth in revenues from the direct taxes used by the provinces to cover their share of hospital insurance costs contributed almost all of this increase.

Federal revenues from corporate income taxes (on the National Accounts accrual basis) increased sharply in 1959, reversing the sharp drop in revenues from this source in 1958. Rising corporate income, as well as increased tax rates, resulted in an increase of $201 million, or 19 per cent, in 1959 in corporate tax revenues. For the governments of Ontario and Quebec, the receipts from the corporate taxes levied in these provinces continued to grow in 1959 showing an increase of $25 million. This expansion was not as great as during 1958 when application of the Ontario tax for the first full year was the main factor contributing to increased revenues.

For all levels of government combined, receipts from indirect taxes rose by $388 million or nearly 10 per cent. The federal share of this increase was $219 million. While growing economic activity contributed to this increase, the higher sales tax rate in 1959 was also a factor. In addition, increased receipts from customs duties resulted from the greater volume of imports during 1959. Provincial and municipal revenues from indirect taxes showed a growth of $169 million or 8 per cent. As in 1958, the component mainly responsible for this increase was the revenue from municipal taxes on real and personal property. Provincial collections from the gasoline tax and retail sales taxes rose by moderate amounts in 1959.

Investment income for all levels of government includes three main components; interest on government-held public funds, interest on loans and advances and the net profits of government business enterprises. At the combined provincial and municipal levels, this income increased by $42 million, or 7 per cent, in 1959 as compared with a rise of $35 million, or 6 per cent, in 1958. In the federal sector investment income in total was relatively stable, showing an increase of $7 million, or 2 per cent, in 1959. The moderate increase in 1959 resulted from a rise in receipts from federal government loans and investments offset partially by a small decrease in the combined trading profits of government business enterprises.

BALANCE OF INTERNATIONAL PAYMENTS

Canada's international transactions for the year 1959 reflected the expansion in economic activity at home and abroad which began late in 1958. Merchandise exports rose by more than 5 per cent after relative stability for the years 1957 and 1958. For the year 1959, merchandise imports increased by 9 per cent over the preceding year; following a two-year decline this increase did not quite bring imports to the 1956 level. The merchandise trade deficit increased to $386 million, more than double the deficit incurred in 1958 but well below the deficits of 1956 and 1957. At the same time, the deficit on non-merchandise transactions rose from $915 million in 1958 to $1,074 million in 1959. As a result, the total current account deficit amounted to $1,460 million in 1959 compared with $1,085 million in 1958, $375 million higher than 1958 and slightly above the 1957 figure.

The average level of prices for commodity exports was moderately higher while that of commodity imports was slightly lower. Consequently, the terms of trade, that is the ratio of export prices to import prices, moved in Canada's favour in 1959.

The trade results for the year as a whole obscure an interesting development which occurred in the latter part of the year. On a seasonally adjusted basis, merchandise imports began to rise strongly in the fourth quarter of 1958. The

TABLE 10

INTERNATIONAL PAYMENTS: CURRENT ACCOUNT

—	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
CURRENT RECEIPTS—				
Merchandise exports (adjusted)[1]	4,837	4,909	4,890	5,152
Gold available for export	150	147	160	147
Travel expenditures	337	363	349	397
Interest and dividends	142	154	166	170
Freight and shipping	457	445	401	411
Inheritances and immigrants' funds	99	124	91	100
Other current receipts	442	388	366	380
Total Current Receipts[2]	**6,464**	**6,530**	**6,423**	**6,757**
CURRENT PAYMENTS—				
Merchandise imports (adjusted)	5,565	5,488	5,060	5,538
Travel expenditures	498	525	542	589
Interest and dividends	523	587	586	656
Freight and shipping	502	515	460	506
Inheritances and emigrants' funds	115	157	145	155
Other current payments	627	682	715	773
Total Current Payments[2]	**7,830**	**7,954**	**7,508**	**8,217**
Balance on Merchandise Trade	−728	−579	−170	−386
Balance on other Transactions	−638	−845	−915	−1,074
Current Account Balance	**−1,366**	**−1,424**	**−1,085**	**−1,460**

[1] Aid to NATO countries under Defence Appropriation Act has been excluded.

[2] See footnote 3 to table 2.

ESTIMATED GEOGRAPHICAL DISTRIBUTION OF THE NET BALANCE ON CURRENT ACCOUNT

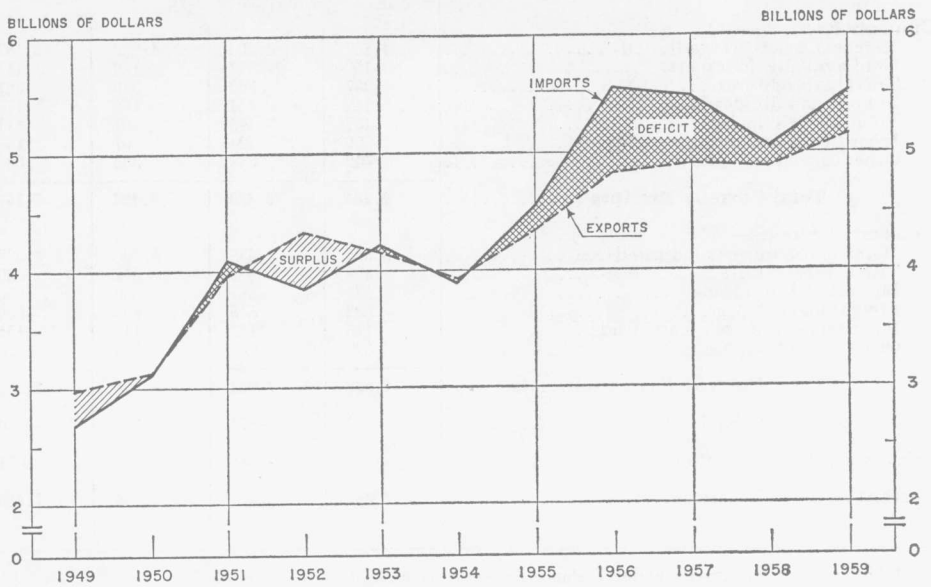
—	1956	1957	1958	Prelim. 1959
Between Canada and—				
United States	−1,639	−1,568	−1,134	−1,236
United Kingdom	+252	+138	+108	+52
Rest of the Sterling Area	+48	+9	+65	+12
Other OEEC Countries	+17	+21	+13	−149
Other Countries	−44	−24	−137	−139
All Countries	**−1,366**	**−1,424**	**−1,085**	**−1,460**

upward trend continued until the third quarter of 1959 and was replaced by a decline in the fourth quarter. By contrast, merchandise exports, seasonally adjusted, showed minor irregular gains until the fourth quarter of 1959 when they increased sharply and were running 12 per cent above the first-quarter rate and 7 per cent higher than the average for the year as a whole. There was a sharp increase in exports to overseas countries as well as a substantial rise in sales to the United States. As a result of the fourth-quarter trend, the trade deficit narrowed in the final months of 1959 and the overall current account deficit, seasonally adjusted at annual rates, declined to about $1.3 billion.

The value of merchandise exports in 1959 amounted to $5,152 million compared with $4,890 million in the previous year. The increase in exports was widespread and the most significant gains occurred in exports of iron-ore, primary

and semi-finished steel, uranium, forest products, copper, asbestos and farm implements and machinery. The largest declines took place in exports of aircraft, beef cattle and meat; in 1958 these items had shown large increases because of special circumstances.

IMPORTS AND EXPORTS OF MERCHANDISE



The value of merchandise imports rose from $5,060 million in 1958 to $5,538 million in 1959. The increase in imports was also widespread. There was a large increase in importations of automobiles, trucks and parts and substantial increases in purchases of farm and other machinery, electrical equipment and iron and steel products. Declines, where they occurred, were moderate.

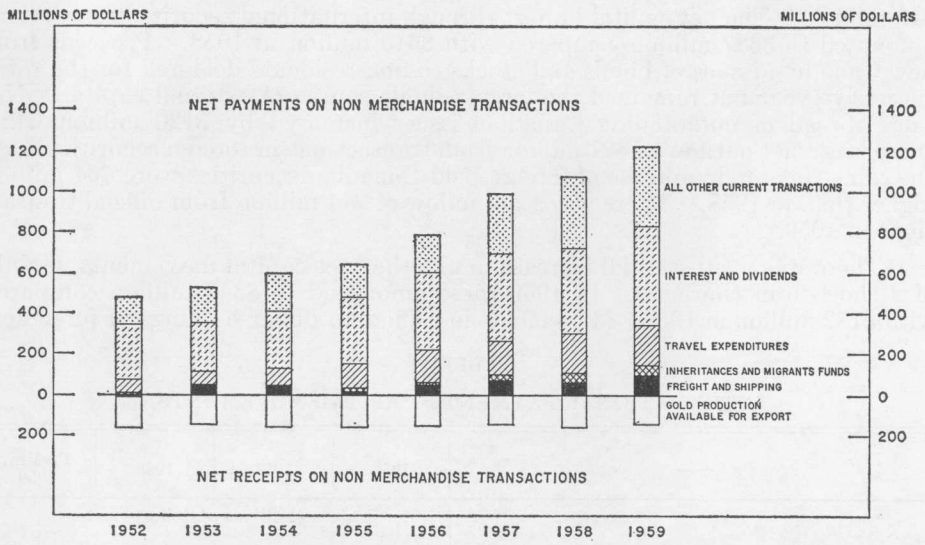
There were some important changes in Canada's pattern of trade in 1959. Exports to the United States increased by 10 per cent while imports from that country rose by 8 per cent. Sales to the United Kingdom rose by about 2 per cent and exports to other Commonwealth countries fell by 3 per cent. On the other hand, purchases from the Commonwealth, including the United Kingdom, increased by 12 per cent. The value of merchandise exports to continental OEEC countries and their dependencies declined by over 13 per cent while imports of goods from this source rose by 22 per cent. The decline in exports to this group was largely due to large non-recurring sales of military aircraft to European NATO countries in 1958. Sales to all other countries increased by 9 per cent while imports rose by 7 per cent.

The result of these developments was a slight decline in 1959 in our trade deficit with the United States while our trade surplus with all other countries was reduced by more than 60 per cent. The proportion of imports originating in the United States fell from 67.9 per cent in 1958 to 67.0 per cent in 1959. The proportion of purchases made in the Commonwealth rose slightly while those from OEEC countries increased to 7.6 per cent compared with 6.8 per cent in the previous year. While the proportion of total exports to the United States increased for 1959 as a whole to 62.0 per cent from 59.5 per cent in 1958, this movement was reversed during the latter part of the year when the sharp increase in exports to overseas countries took place.

The reduction in the trade surplus with overseas countries was the major factor in the emergence in 1959 of a current account deficit with those countries. Within the total, a small current account surplus with the United Kingdom and other Commonwealth countries was more than offset by a greatly enlarged deficit with all other countries.

Canada's surplus with overseas countries began to decline in 1953. This was the result of a decline in the trade surplus on the one hand and a growth in the deficit on non-merchandise transactions on the other. To a large extent, this trend was a reflection of the recovery and subsequent expansion in production in western Europe and the greater participation of other overseas countries in world multilateral trade. At the same time, currency and trade restrictions which, until recently, were widespread had a limiting effect on purchases of Canadian goods. The increase in the deficit on non-merchandise account reflected growing expenditures on travel, freight and shipping and the servicing of foreign investment.

BALANCE ON NON MERCHANDISE TRANSACTIONS



The increase of $159 million in Canada's deficit on non-merchandise transactions in 1959 was the result of a 9 per cent increase in Canadian payments and a 5 per cent increase in receipts. Payments for interest and dividends, freight and shipping, and for miscellaneous items were the largest elements in the increase in the deficit. A lower level of gold sales was an additional factor. The balance on travel and the inheritances and immigrants-emigrants funds component showed little change since the increase in receipts matched the increase in payments.

Canada's balance on merchandise trade has usually fluctuated sharply in response to changes in demand at home and abroad. By contrast, the traditional deficit on non-merchandise transactions has grown continuously since 1953. With the exception of gold sales, every component of the non-merchandise account has contributed to the growing deficit, since in every case the increase in payments exceeded the increase in receipts. To a large extent the increase in the deficit is a reflection of the rapid economic growth in western industrialized countries. The strong world market for raw materials fostered rapid Canadian resource development and substantial imports of investment goods and capital.

The import of capital led to a rising volume of interest payments to non-residents and, where past investment has proven profitable in terms of increased production and exports, to an increasing level of dividend payments. Accompanying the inflow of capital has been an inflow of technical "know-how" and this has resulted in a variety of payments abroad for business services, including patents, royalties and similar items. The growth in imports carried with it a higher level of freight and shipping and other business charges. In addition, a rising standard of living greatly increased spending by Canadians on travel abroad. Further, Canada's contributions to underdeveloped countries have increased.

The net inflow of long-term capital into Canada in 1959 was slightly larger than in 1958. These net long-term inflows of capital in the form of direct investment, security transactions and official transactions, were equivalent to about 70 per cent of the 1959 deficit on current account compared with more than 90 per cent of the smaller 1958 deficit.

Net direct investment in Canada, after declining in 1957 and 1958, rose in 1959. Compared with 1958 direct investment in Canada was higher by $80 million while Canadians increased the level of their direct investments abroad by $12 million. The net capital import through international security transactions amounted to $627 million compared with $610 million in 1958. Proceeds from new Canadian issues of bonds and stocks to non-residents declined for the third successive year but remained the largest single source of external capital. Net sales abroad of outstanding Canadian issues increased by $120 million while there was a net outflow of $21 million from transactions in foreign securities. At the same time, redemptions of foreign-held Canadian securities were $64 million higher than in 1958. There was a net inflow of $44 million from official transactions in 1959.

There was a substantial increase in all other net capital movements, mainly of a short-term character. In 1959 these amounted to $349 million compared with $182 million in 1958. Movements in Canadian dollar holdings of foreigners

TABLE 11

INTERNATIONAL PAYMENTS: CAPITAL MOVEMENTS

—	1956	1957	1958	Prelim. 1959
	(Millions of dollars)			
Direct investment in Canada	+583	+514	+420	+500
Direct investment abroad	−104	−68	−48	−60
Canadian securities—				
Trade in outstanding issues	+199	+92	+88	+208
New issues	+667	+798	+677	+662
Retirements	−141	−133	−158	−222
Foreign securities	+2	+6	+3	−21
Loans by Gov't of Canada—Drawings	.....	.....	−34	−1
Repayments	+69	+50	+64	+34
Subscriptions to IMF, IFC in Gold and U.S. dollars	−4	.....	.....	−59
Canadian dollar holdings of foreigners	−24	−35	+106	+13
Official holdings of gold and foreign exchange (increase, −)	−33	+105	−109	+70
Other capital movements	+152	+95	+76	+336
Net capital movement financing current account balances	**1,366**	**+1,424**	**+1,085**	**+1,460**

added $13 million to the capital inflow for the year as a whole but there were significant variations in this category during the year. In the period January to August, non-residents added nearly $90 million to their holdings of Canadian treasury bills because Canadian yields were sufficiently higher than those in the United States to allow for the cost of exchange protection through forward transactions. The differential narrowed somewhat in the latter part of August and the employment of United States funds in Canadian treasury bills became less attractive. By the end of December, non-resident holdings of Canadian treasury issues were only slightly above the value held a year earlier.

The balance in the miscellaneous group showed a net inflow of $336 million in 1959 compared with $76 million in 1958. This group includes, among other things, short-term commercial payables and receivables, miscellaneous borrowings by Canadians and private Canadian holdings of foreign exchange.

At December 31, 1959, Canada's official exchange reserves, expressed in United States dollars, amounted to $1,869 million compared with $1,939 million at the end of 1958. The decrease largely reflects Canada's increased subscription to the International Monetary Fund which, though it can be regarded as a secondary reserve, reduced our official reserves by $62.5 million.

TABLE 12

CANADA'S OFFICIAL HOLDINGS OF GOLD AND U.S. DOLLARS
AS AT DECEMBER 31
(Millions of U.S. Dollars)

—	1956	1957	1958	1959
Exchange Fund Account and Bank of Canada—				
Gold	1,103.3	1,100.3	1,078.1	959.6
U.S. Dollars	798.0	697.5	800.0	879.4
Other Government of Canada Accounts	34.9	30.5	61.0	30.2
Total Gold and U.S. Dollars	**1,936.2**	**1,828.3**	**1,939.1**	**1,869.2**

Geographically, about 80 per cent of the net total capital inflow in long-term forms in 1959 came, as in the previous year, from the United States. Net long-term investment funds originating in the United Kingdom represented 10 per cent, about one-third lower than in 1958. A considerable part of this change reflected unusually large outflows from Canada for direct investment in the United Kingdom. The completion in 1958 of repayments by the United Kingdom on the 1942 loan was also an important factor. Net inflows originating in all other countries rose sharply. Direct and portfolio investments from this source increased and in 1959 there were no substantial outflows in the form of intergovernmental loans matching those made by Canada in 1958.

The exchange value of the Canadian dollar which had been rising, almost without interruption, since September, 1958, showed some decline in the final months of 1959. The average rate of exchange for the United States dollar, in terms of the Canadian dollar, reached a low for the year of 94.77 in October, 1959. This was followed by a slight decline in the value of the Canadian dollar and for December, 1959, the rate for the United States dollar was 95.12 compared with 96.46 for December, 1958. For 1959 as a whole, the average noon rate was 95.90 compared with 97.06 in 1958.

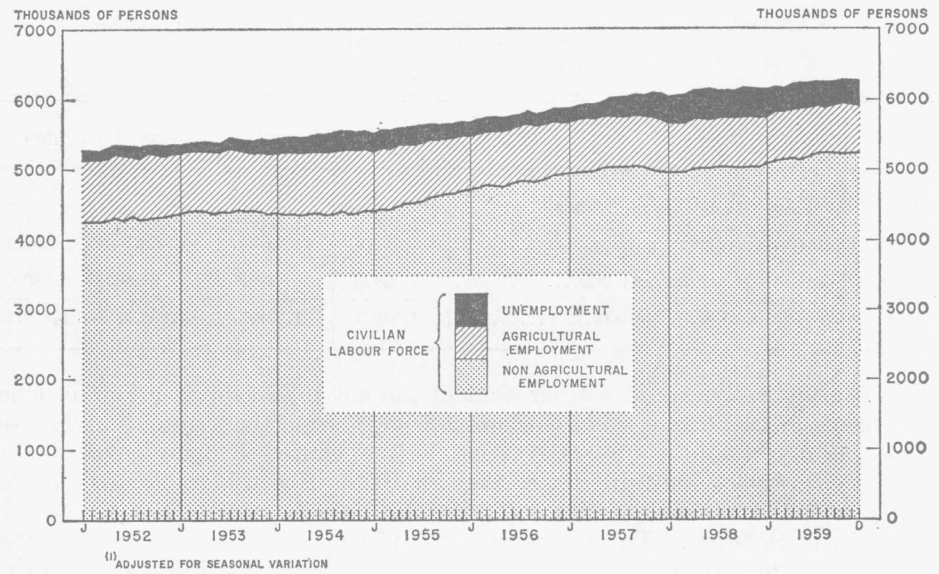
EMPLOYMENT AND EARNINGS

There was a significant improvement in the demand for labour in 1959. There were more persons employed in each month of 1959 than in the corresponding period in 1958. In 1959, for the first time since 1956, the increase in employment exceeded the growth of the labour force, and unemployment declined.

For 1959 as a whole, the average number of persons with jobs rose by 156,000 or 2.7 per cent. This is in contrast to the fractional decline which occurred in 1958. At the same time it is estimated that on balance 101,000 persons entered the labour market in 1959, an increase of 1.6 per cent compared with the expansions of 2.1 per cent in 1958 and more than 3 per cent in both 1956 and 1957. The moderate size of the increase in the labour force was a reflection of the lower level of immigration in 1959 as well as relative stability in labour force participation rates.

The shift from rural to urban occupations which has been evident throughout the postwar period continued in 1959, though at a somewhat lower rate than in previous years. It is estimated that some 22,000 persons left the agricultural labour force in 1959 compared with 26,000 in 1958, 30,000 in 1957 and 44,000 in 1956.

THE LABOUR FORCE[1]



Since 1946, the agricultural labour force as well as agricultural employment has declined about 40 per cent. Within this total, employers and "own account" workers declined by one-third while the number of unpaid family workers was nearly two-thirds lower. The number of paid farm workers has shown a decrease of one-quarter since 1946, although in 1959 their numbers increased by 12,000 over 1958.

The number of persons with jobs in non-agricultural occupations rose in 1959 by 176,000 persons. The growth of 3½ per cent in non-agricultural employment in 1959 compares with a rise of 8,000 persons, a fractional increase, in the previous year. On a seasonally adjusted basis, non-agricultural employment reached a peak in September, 1957, and subsequently declined by 1.4 per cent to a low in

February, 1958. This was followed by irregular gains and by August, 1959, non-agricultural employment had exceeded the previous peak by nearly 4 per cent. In the fourth quarter of 1959 non-agricultural employment levelled out. This stability was, in part, a reflection of the indirect effects of the strike of forestry workers in British Columbia in the third quarter of the year and the lengthy strike of the steel workers in the United States.

TABLE 13

THE CIVILIAN LABOUR FORCE

ANNUAL AVERAGES

(Thousands of Persons)

—	1956	1957	1958	Prelim. 1959
Civilian Labour Force	5,782	6,003	6,127	6,228
Male	4,436	4,570	4,634	4,679
Female	1,346	1,433	1,493	1,549
Non-Agricultural	5,001	5,252	5,402	5,525
Agricultural	781	751	725	703
Persons without jobs seeking work	180	257	405	350
Persons with jobs	5,602	5,746	5,722	5,878
In Non-Agricultural Industries	4,826	5,002	5,010	5,186
Paid Workers	4,303	4,460	4,481	4,637
Employers, own account workers and unpaid family workers	523	542	529	549
In Agriculture	776	744	712	693
Paid Workers	102	96	97	109
Employers, own account workers and unpaid family workers	674	648	615	584

On a year-over-year comparison, increases in employment opportunities were general in all regions and most industrial divisions in 1959. In the previous year, the commodity-producing industries had registered substantial declines and increases were limited to the service sector. Despite the improvement in output in the goods-producing industries, the greatest gains in employment in 1959 were again concentrated in the service industries. Community services, notably education, health and government, and trade accounted for nearly three-quarters of the increase in non-farm employment. Manufacturing provided about one-fifth of the new job opportunities in 1959.

The average number of persons without jobs and seeking work in 1959 amounted to 350,000 or 55,000 fewer persons than in the previous year. As a proportion of the labour force this was 5.6 per cent compared with a postwar high of 6.6 per cent in 1958.

Total labour income increased in 1959 by 7.8 per cent compared with 2.7 per cent in 1958. Higher rates of pay and increases in the numbers of hours worked per week as well as increased job opportunities contributed to the rise in salaries and wages. In 1958, the number of paid workers did not show much change from the level of the previous year and the moderate increase in total labour income resulted in a gain of $79 in average annual earnings per paid worker. In 1959, the number of paid workers grew by 168,000. Nevertheless, the very much greater increase in labour income led to a $143 gain in per capita income, an increase of 4 per cent. In manufacturing, average hourly earnings rose

by 3.6 per cent compared with 3.1 per cent in 1958 while average hours worked per week rose by about one per cent compared with a small decline in the previous year. In the light of the minimal rise in the cost of living in 1959, most of the increase in per capita earnings represented real income gains whereas in 1958 the moderate increase in per capita earnings was more than offset by higher prices.

In 1959 all the major industrial groups shared in the increase in total salary and wage payments. In the service sector, in line with employment opportunities, the growth in labour income was more pronounced than in the goods-producing industries as a whole. Wages and salaries paid out in trade, public utilities, transportation, storage and communication, governments, finance and related groups rose by 9 per cent in 1959 compared with a gain of 6 per cent in 1958. Earnings in agriculture increased by nearly 10 per cent while those for construction rose by 9 per cent. Total wages and salaries in manufacturing and forestry increased by 6 per cent while those for mining rose by 5 per cent.

FINANCIAL DEVELOPMENTS

Financial conditions in Canada in 1959 reflected the growing demand for funds which naturally accompanies economic expansion and recovery. They also reflected a number of other influences of a more deep-seated nature which were at work both at home and abroad. Interest rates and bond yields were higher in 1959 than in 1958 and there were important movements during the course of the year.

TABLE 14

YIELDS ON GOVERNMENT SECURITIES
CANADA AND THE UNITED STATES

	Government Securities Selected Issues						3 Month Treasury Bills[3]			Bank Rate	
	Canada	U.S.	Spread[1]	Canada	U.S.	Spread[2]	Canada	U.S.	Spread	Canada	U.S.
1956—											
March	3.41	3.00	.41	3.40	3.00	.40	2.64	2.17	.47	2.75	2.50
June	3.37	2.99	.38	3.40	2.96	.44	2.52	2.54	−.02	3.00	2.75
September	3.81	3.24	.57	3.88	3.27	.61	3.16	2.99	.17	3.25	3.00
December	3.90	3.39	.51	3.98	3.48	.50	3.67	3.22	.45	3.92	3.00
1957—											
March	3.92	3.30	.62	4.15	3.27	.88	3.70	3.03	.67	3.95	3.00
June	4.17	3.61	.56	4.56	3.89	.67	3.81	3.23	.58	4.06	3.00
September	4.31	3.65	.66	4.66	3.82	.84	3.80	3.54	.26	4.05	3.50
December	3.80	3.24	.56	3.66	2.99	.67	3.60	2.75	.85	3.85	3.00
1958—											
March	3.93	3.22	.71	3.59	2.77	.82	2.27	1.19	1.08	2.52	2.25
June	3.89	3.27	.62	3.53	2.88	.65	1.72	1.01	.71	1.97	1.75
September	4.15	3.77	.38	3.83	3.60	.23	2.27	2.51	−.24	2.52	2.00
December	4.42	3.83	.59	4.48	3.94	.54	3.49	2.69	.80	3.74	2.50
1959—											
March	4.72	3.95	.77	4.75	3.92	.83	4.30	2.77	1.53	4.55	3.00
June	4.92	4.09	.83	4.83	4.33	.50	5.01	3.16	1.85	5.26	3.50
September	5.30	4.12	1.18	5.30	4.65	.65	5.50	4.19	1.31	5.75	4.00
December	5.30	4.41	.89	5.37	4.90	.47	5.12	4.52	.60	5.37	4.00

[1] Canada 3¼% Oct. 1/79. U.S. 3¼% June 15/78-83. Last Wednesday of month.
[2] Canada 2¾% June 15/67-68. U.S. 2½% Dec. 15/63-68. Last Wednesday of month.
[3] Average tender on Thursday following the last Wednesday of month.

There were marked changes in the pattern and distribution of borrowings: total bond offerings were less than in 1958; the federal government deficit was reduced substantially and there was greater government reliance on short-term borrowing; corporation borrowing on the long-term market was relatively steady as a result of a lower level of fixed investment and a higher level of retained earnings. At the same time there was a sharp rise in borrowings from the banks. The increasing tempo in general economic activity and a substantial rise in inventory holdings led to greater demands by business for chartered bank funds. Bank lending to individuals also increased rapidly. With total bank assets almost unchanged during the year, the banks sold off a considerable amount of their security holdings to meet the rising demand for loans. Finally, the instalment finance companies issued short-term paper to help finance the expansion in consumer credit.

The net effect of these movements was an increase in interest rates, with short-term rates rising more than medium- or long-term. The general public became heavy buyers of bonds, and governments and banks were sellers. Corporations sold long-term bonds but, with their high degree of liquidity, also became buyers of short-term government and finance company paper.

Interest rates, which had begun to rise in mid-1958, continued to increase until the late summer months of 1959 when a moderate decline took place, lasting for the remainder of the year. At year end, however, the level of interest rates was above that at the beginning of 1959.

The yield on three-month treasury bills showed the sharpest changes throughout the year, rising from 3.49 per cent at the end of 1958 to 6.16 per cent in August and then declining to 5.12 per cent at year end. The decline has continued into 1960, and on March 24 the rate was 3.41 per cent. Medium-term yields followed a different pattern, rising until September, then remaining more or less stable until year end. The yield on the $2\frac{3}{4}$ per cent June, 1967–1968 Government of Canada Bonds, for example, rose from 4.48 in January to 5.30 in September, and ended the year at 5.37 per cent. Long-term Government of Canada's followed the same pattern as those of the medium-term issues; the yields on $3\frac{1}{4}$ per cent, October, 1979 bonds were similar to those of the June 1967–1968 issue. The Bank of Canada discount rate, which is set at one-quarter per cent above the average tender rate for three-month treasury bills, stood at 5.37 per cent at the end of 1959, and at 3.66 per cent on March 24, 1960.

Interest rates on provincial, municipal and industrial bonds also rose during the year, in line with the general increase in interest rates. The prime rate on chartered bank lending which had been $5\frac{1}{4}$ per cent at the beginning of 1959 was $5\frac{3}{4}$ per cent at year end.

In the United States interest rates generally moved upward during the year, responding to much the same influences which were operative in Canada. However, there were differences in the spread between United States and Canadian rates throughout the year. The spread of Canadian rates over those of the United States increased until late summer and then narrowed in the latter part of the year. At year end the spread was greater for long-term bonds than at the end of 1958 while for treasury bills and medium-term bonds the spread was smaller.

TABLE 15

CHARTERED BANK ASSETS

(month-end figures)

—	As at Dec. 31 1959	Changes[1]			
		Calendar Years			
		1956	1957	1958	1959
		(Millions of dollars)			
Bank of Canada notes and deposits	953	42	−16	135	−48
Day-to-day loans	101	−7	136	−87	−22
Treasury bills	974	313	65	145	24
Sub-total	2,028	348	185	193	−46
Government bonds	1,827	−957	44	727	−735
Call loans	139	−20	35	−75	23
Net foreign assets[2]	21	6	41	−54	−68
Total of foregoing assets	4,014	−623	305	791	−826
Canadian loans (other than day-to-day and call loans)	6,003	532	114	82	707
Insured mortgages	968	199	93	204	178
Non-Government securities	1,063	−58	−8	202	−101
Total holdings	12,047	50	504	1,278	−42

[1] To make the statistics for the different periods in this table comparable certain approximate adjustments have been made in calculating changes in loans and investments. The 1956 figures have been adjusted for the reclassification of foreign currency loans from Canadian loans to net foreign assets which was made in the returns of the banks to the Department of Finance, and the 1957 figures for the change in the allocation of inner reserves consequent upon the change in the method of valuing Government and provincial securities required in the returns of the banks to the Department of Finance.

[2] Total foreign currency assets less total foreign currency liabilities. Excludes foreign currency securities issued by Canadian borrowers.

Net new issues of bonds including treasury bills showed a considerable drop in 1959 from the previous year, with $1,768 million being raised, compared with $2,875 million in 1958. All classes of borrowings showed declines; provincial and municipal borrowings were about 10 per cent below 1958, while there were much sharper declines in borrowings by the federal government and by corporations. Net new issues of bonds and treasury bills by the Government of Canada decreased from $1,252 million to $723 million while the net issues of corporate bonds were only $171 million compared with $665 million in 1958. Offsetting to some extent the decline in corporate bond borrowings was an increase in corporate stock issues from $300 million in 1958 to $409 million in 1959; most of the stock issues took place in the first half of the year. The decline in corporate borrowing was a reflection of relatively steady outlays for capital goods at the same time that retained earnings of corporations were rising in line with higher profits.

Net new issues of bonds and stocks payable in foreign currencies amounted to $224 million in 1959, or about one-half of the 1958 level. There was an increase in provincial government bonds payable in foreign currencies, little change in the level of municipal borrowings and a sharp drop in corporate bonds and stocks payable in foreign currencies. There was a net redemption of Government of Canada bonds payable abroad. This included an issue of $150 million 3 per cent bonds maturing in 1963 and called for prior payment on February 1, 1959. In earlier years the Government had purchased $129.5 million of the original issue and held it in a special sinking fund.

There was almost no change in the level of Canadian chartered bank assets in 1959. The increase in the demand for loans led to bank sales of securities which amounted to $812 million for the year. The banks increased their holdings of insured residential mortgages by $178 million in 1959.

Bank loans, excluding day-to-day loans and call loans, increased sharply by $707 million. The peak in bank lending came in August, and from then until the end of 1959 there was a more than seasonal decline in loans outstanding. Almost every borrowing group increased its loans in 1959, with the exception of provincial governments and some of the major resource industries. Loans to industry, merchandisers, construction contractors and public utilities accounted for almost one-half of the increase in loans. Personal loans rose by $163 million, or 18 per cent, to account for another major share of the increase. Loans to farmers, municipal governments and religious and social institutions rose moderately as did loans to stockbrokers and investment dealers. There was an increase of $82 million in loans to grain dealers and exporters while instalment finance companies increased their borrowings by $57 million. It should be noted that this latter group also issued $135 million of short-term paper in 1959.

TABLE 16

GENERAL PUBLIC[1] HOLDINGS OF CURRENCY, BANK DEPOSITS, AND GOVERNMENT OF CANADA SECURITIES AS AT DECEMBER 31

—	1956	1957	1958	1959
	(Millions of dollars)			
Currency—notes and coin	1,605	1,667	1,781	1,832
Bank deposits—				
Deposits other than personal savings deposits	3,580	3,725	4,303	4,057
Personal savings deposits[2]	6,007	6,108	6,844	6,900
Total bank deposits	9,587	9,833	11,147	10,957
Government Securities—				
Market securities	6,225	6,045	6,073	7,513
Non-market securities	2,541	2,649	2,895	3,212
Total government securities	8,766	8,693	8,968	10,725
Total liquid assets	19,958	20,193	21,895	23,514

[1] Includes all holdings other than those of the banking system and the federal government and government accounts.

[2] The deposit balances of religious, educational and welfare institutions and personal accounts used mainly for business purposes were reclassified from "personal savings deposits" to "other notice deposits" as at September 30, 1957 in the returns of the banks to the Department of Finance. The figures prior to September 30, 1957 are thus not comparable with those since that date. The amount of deposits reclassified was approximately $140 million.

A higher level of bond yields, along with growing public confidence, led to greatly increased holdings of federal government bonds by the general public outside the banking system. This increase in holdings by the general public was one of the outstanding financial events of the year. Holdings of government securities by the public outside of the banking system rose by $1,757 million or 20 per cent in the year. Holdings of Canada Savings Bonds increased by $317 million, those of treasury bills by $340 million while the remaining increase of $1,100 million represented other government securities. There were small increases in the public's holdings of currency and in savings deposits, while other deposits declined.

The total amount of federal government direct and guaranteed securities increased by $719 million in 1959 compared with an increase of $1,252 million in 1958. As mentioned above, the general public more than accounted for this increase. In the course of 1959 the banking system sold $702 million of Government of Canada securities while Government of Canada accounts, including the Unemployment Insurance Fund, were reduced by $336 million.

PRICE TRENDS

The upward movement in the consumer price index which began in mid-1956 was far less marked during 1959 than in preceding years. For the year 1959 as a whole, the average level of consumer prices increased by 1.1 per cent. This compares with increases of 2.6 per cent in 1958 and 3.2 per cent in 1957. The general index of wholesale prices was 229.8 for December, 1959, only fractionally higher than 229.3 a year earlier.

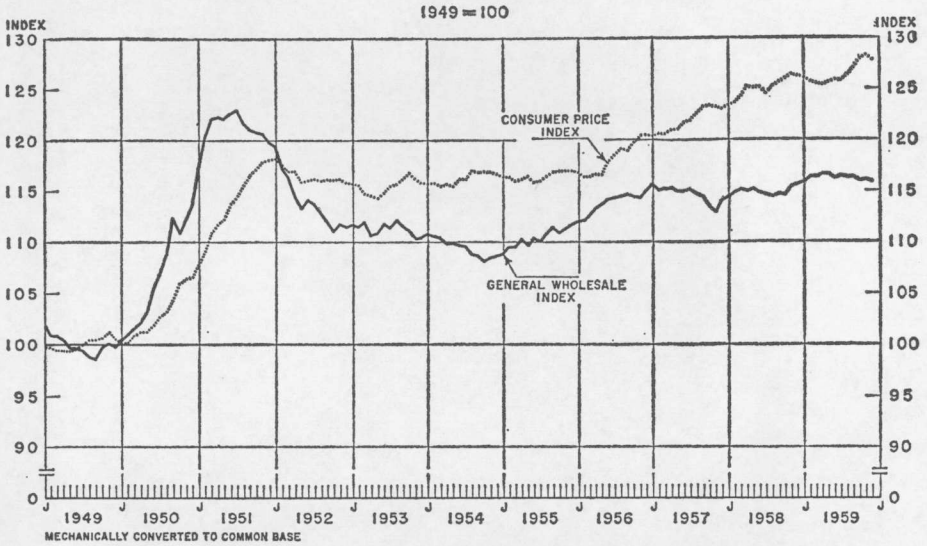
TABLE 17

CONSUMER AND WHOLESALE PRICES

—	Consumer Price Index (1940=100)	General Index of Wholesale Prices (1935-39=100)
AVERAGE FOR YEAR:		
1956	118.1	225.6
1957	121.9	227.4
1958	125.1	227.8
1959	126.5	230.6
1959—January	126.1	229.7
February	125.7	230.8
March	125.5	230.8
April	125.4	231.2
May	125.6	231.2
June	125.9	230.7
July	125.9	231.0
August	126.4	230.8
September	127.1	230.9
October	128.0	230.1
November	128.3	230.3
December	127.9	229.8

The consumer price index declined during the first four months of 1959 from 126.2 in December, 1958 to 125.4 in April, 1959. The decline was reversed in May and consumer prices reached a high of 128.3 in November. Slight declines occurred in the next three months and in February, 1960 the consumer price index stood at 127.2. As in the case of the total index, all major groups, with the exception of the food component, averaged slightly higher in 1959 than in 1958. The increases in 1959, however, were in most cases smaller than in the previous year. Clothing prices were fractionally higher while the costs for shelter and household operations rose by 2.2 per cent and 1.4 per cent, respectively. The largest increase in 1959, as in earlier years, occurred in the cost for services and all other commodities where prices rose by 3.1 per cent. This compares with increases of 3.8 per cent in 1958 and 4.3 per cent in 1957. The most significant change occurred in food prices which were fractionally lower on average in 1959. This is in marked contrast to increases of 3 per cent in 1958 and 4.6 per cent in 1957. From 1953 to 1956 the downward movement of food prices had offset increases in other components and imparted an element of stability to the total.

CANADIAN WHOLESALE AND CONSUMER PRICE INDEXES



The performance of wholesale prices in 1959 was in slight contrast to that of 1958. In 1958 the general index in December was more than one per cent higher than at the beginning of the year whereas in a year-over-year comparison with 1957 the index showed little change. In 1959, on the other hand, average wholesale prices were more than one per cent higher than in the previous year but the gap narrowed at the end of the year. The contrast came about mainly because of a weakening in wholesale prices after mid-1959 which followed an upward trend that began in the final quarter of 1958. In a year-over-year comparison, prices for industrial materials showed a marked increase in 1959 compared with substantial declines in the previous two years. Similarly, construction materials which had declined fractionally in 1958 were moderately higher in 1959 though some weakening appeared at the end of the year. Prices for raw materials and manufactured goods were also slightly higher in 1959 following relative stability in 1958.



PART II

REVIEW OF GOVERNMENT ACCOUNTS 1959-60

TABLE OF CONTENTS

	PAGE
1. Introduction	2744
2. Highlights of governmental financial operations during 1959–60	2744
3. Budgetary accounts	2746
A. Revenues	2748
B. Expenditures	2754
4. Summary of assets and liabilities as at March 31, 1960	2776
A. Changes in principal liability classifications during 1959–60	2776
B. Changes in principal asset classifications during 1959–60	2782
C. Increase in net debt	2789
5. The cash position	2790
6. The public debt	2793
7. Supplementary detailed tables	2799

79951-0—174½

PART II

REVIEW OF GOVERNMENT ACCOUNTS 1959–60

1. INTRODUCTION

The fiscal year of the Government ends on March 31 but the books must remain open for some time after this date to record various adjusting entries and to take into account all payments up to and including April 30 made on account of expenditures originating in and properly chargeable to the fiscal year 1959–60. Consequently the figures presented in this Part for the fiscal year are preliminary and subject to revision. The final figures when they become available next July or August may vary to some extent from those given in the following pages.

2. HIGHLIGHTS OF GOVERNMENTAL FINANCIAL OPERATIONS DURING 1959–60

The following table summarizes the financial operations of the government for the fiscal year and indicates how the budgetary and non-budgetary transactions, together with changes in the unmatured debt, affected the government's cash balances. In the sections entitled "The Budgetary Accounts" and "The Cash Position" a more detailed explanation of these transactions is given.

TABLE 1

(in millions of dollars)

Summary of Budgetary and Non-Budgetary Transactions and Changes in Cash Position	Fiscal year ended March 31	
	1960 (estimated)	1959
Budgetary transactions—		
Revenues—		
Tax	4,750	4,248
Non-tax	551	507
	5,301	*4,755*
Expenditures—		
Defence	−1,528	−1,442
Non-defence	−4,179	−3,922
	−5,707	*−5,364*
Deficit (−)	**−406**	**−609**
Non-budgetary transactions—		
Receipts and credits (excluding unmatured debt transactions)—		
Repayments of loans, investments and working capital advances	348	104
Net government annuities account receipts	52	58
Net insurance and pension account receipts	216	525
Net sales of investments of unemployment insurance fund	125	251
Other non-budgetary receipts	201	150
	942	*1,088*
Disbursements and charges (excluding unmatured debt transactions)—		
Loans, investments and working capital advances	−770	−868
Net payments from unemployment insurance fund	−126	−245
Other non-budgetary disbursements	−49	−639
	−945	*−1,752*
Net amount received from or required for (−) non-budgetary transactions	**−3**	**−664**
Overall cash requirements (−) to be financed by increase in debt or decrease in cash balances	**−409**	**−1,273**
Net increase in unmatured debt outstanding in the hands of the public	**333**	**1,439**
Net increase or decrease (−) in Receiver General bank balances	**−76**	**166**

Budgetary transactions

The revenues, expenditures and deficit as forecast in the budget speech of April 9, 1959 and the actual figures as now estimated are shown in the following table:

TABLE 2

(in millions of dollars)

—	Budget Forecast April 9, 1959	Actual (estimated)	Increase	
			Amount	Per cent
Revenues	5,267	5,301	34	0.6
Expenditures	−5,660	−5,707	47	0.8
Deficit	−393	−406	13	3.3

Revenues of the government for the fiscal year ending March 31, 1960 amounted to $5,301 million. This is $34 million or less than two-thirds of one per cent above the total of $5,267 million forecast in the budget speech of April 9, 1959 and $546 million or 12 per cent more than the total of $4,755 million collected in 1958–59.

Expenditures amounted to $5,707 million and were $47 million or approximately three-quarters of one per cent more than last year's budget forecast of $5,660 million and $343 million or 6 per cent more than the 1958–59 expenditures which totalled $5,364 million.

On the basis of these figures the deficit for the fiscal year is $406 million compared with the deficit of $393 million as forecast in the budget speech of April 9, 1959 and a deficit of $609 million in 1958–59.

Revenue collections have shown an increase over the previous year. This is due partly to the fact that the general level of activity and production in the economy was higher than in 1958–59 and partly to tax increases announced in last year's budget speech. Tax revenue increased by $502 million and non-tax revenue by $44 million.

Electronic data processing of the returns of Ontario taxpayers by the Taxation Division of the Department of National Revenue has resulted in earlier payments of refunds. As a consequence net revenues for 1959-60 are approximately $10 million less than they would otherwise have been and revenues in the first three months of 1960-61 will be correspondingly higher. Had the procedures of previous years been followed 1959-60 revenues would have been $10 million more and the deficit $10 million less.

On the expenditure side defence again constituted the largest item. Budgetary outlays on defence amounted to $1,528 million or 27 per cent of the total expenditures. In 1958–59 defence costs charged to the budget were $1,442 million but in that year equipment purchases amounting to $212 million were charged to the non-budgetary defence equipment account. Thus while budgetary defence expenditures in 1959–60 appear $86 million higher than in 1958-59 the cash outlays were in fact $106 million lower.

Civil or non-defence expenditures amounted to $4,179 million, an increase of $257 million over the corresponding total for the previous year. Of this increase $95 million is due to government contributions under the Hospital Insurance and Diagnostic Services Act, $138 million to public debt charges and

$55 million to provincial subsidy and tax-sharing payments. In addition there were increases of $22 million in the expenditures of the Department of External Affairs, $20 million in the expenditures of the Department of Agriculture and $16 million in the expenditures of the Department of Northern Affairs and National Resources. There was no charge in 1959–60 to reduce the temporary loans to the old age security fund, which in 1958–59 amounted to $184 million.

More detailed explanations of budgetary revenues by source and budgetary expenditures by classification and department are given in later sections of this Part.

Non-budgetary transactions

Although the budgetary deficit for 1959–60 is expected to be $406 million, the government's bank balances at the end of the fiscal year are estimated to be only $76 million less than a year ago. This decrease in cash balances is the net result of budgetary requirements of $406 million, requirements of $770 million for loans, investments and working capital advances and of $175 million for other non-budgetary disbursements offset by non-budgetary receipts and credits of $942 million from repayments of loans and investments, annuity, insurance and pension accounts receipts and other non-budgetary sources and an increase of $333 million in outstanding unmatured debt.

Old age security fund

Pension payments from the old age security fund amounted to $574 million and tax receipts credited to the fund totalled $550 million, and the deficit of $24 million for the fiscal year was covered by temporary loans by the Minister of Finance. During 1958–59 pension payments amounted to $559 million and tax receipts credited to the fund to $375 million resulting in an excess of pension payments over tax receipts of $184 million which was charged to expenditures in 1958–59 under the authority of a vote of parliament.

Debt transactions

During 1959–60 the government issued securities amounting to $3,033 million (excluding the refunding of treasury bills which mature periodically) and redeemed or converted issues in the amount of $2,720 million, resulting in an increase of $313 million in unmatured debt. As other liabilities increased by $434 million the government's gross public debt increased by $747 million to $20,997 million at March 31, 1960. During the fiscal year the government's net assets increased by $343 million to $8,915 million. As a result, the government's net debt at March 31, 1960 is estimated to be $12,082 million compared with $11,678 million at March 31, 1959, the increase of $404 million reflecting the budgetary deficit of $406 million less an adjustment of $2 million in respect of prior years' transactions.

Cash position

Receiver General bank balances decreased by an estimated $76 million during the fiscal year as net budgetary and non-budgetary requirements totalled $409 million and outstanding unmatured debt (after taking into account transactions in the securities investment and sinking fund accounts) increased by $333 million.

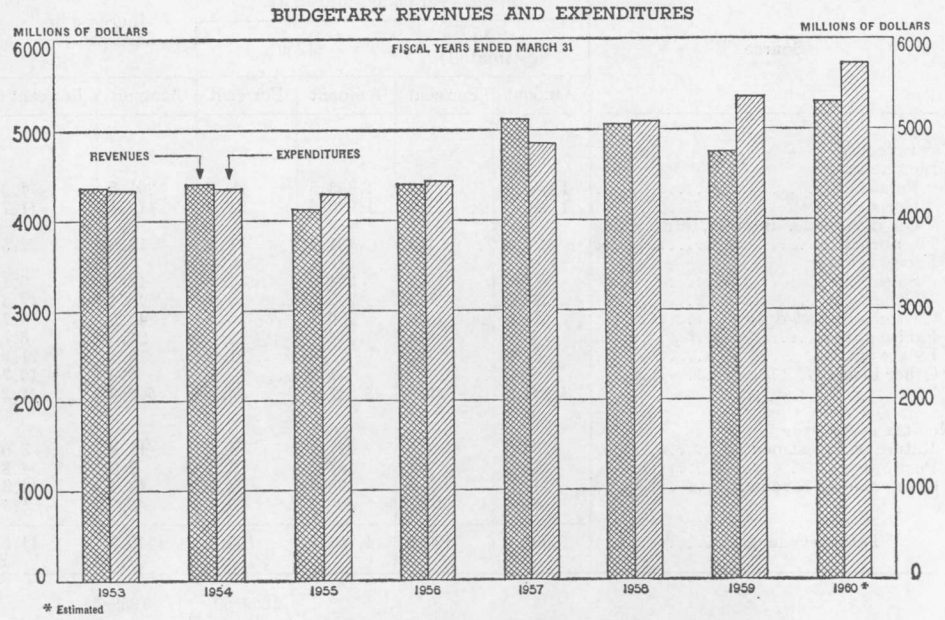
3. THE BUDGETARY ACCOUNTS

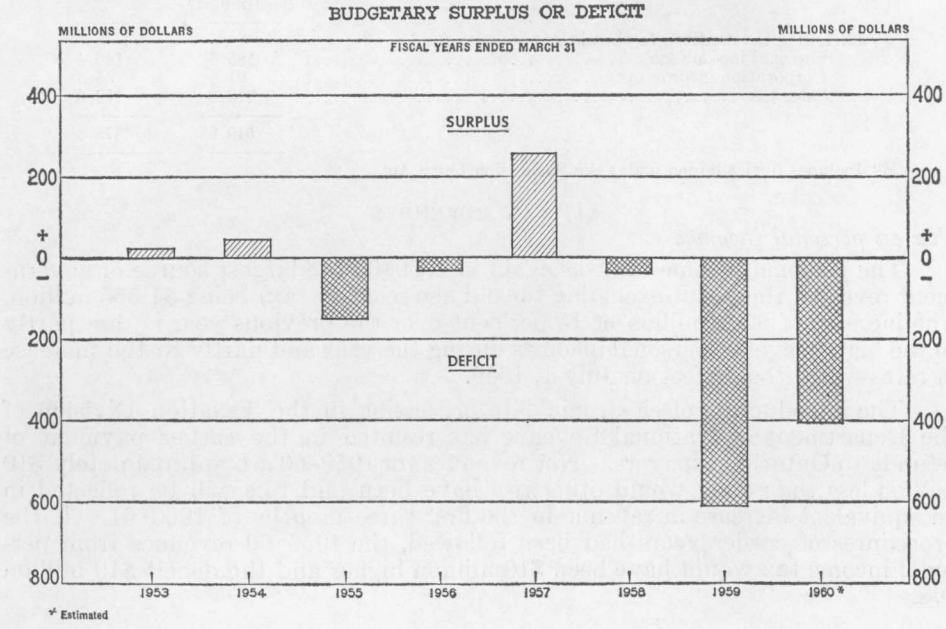
Total revenues, amounting to $5,301 million for 1959–60, are $546 million more than the total for the previous year. Total expenditures are $5,707 million, an increase of $343 million over the total for 1958–59. The deficit for the fiscal year is $406 million compared with $609 million for the previous year.

TABLE 3

BUDGETARY REVENUES, EXPENDITURES AND SURPLUS OR DEFICIT
(in millions of dollars)

Fiscal year ended March 31	Budgetary revenues	Budgetary expenditures	Surplus or deficit (−)
1955	4,123.5	4,275.3	−151.8
1956	4,400.0	4,433.1	− 33.1
1957	5,106.5	4,849.0	257.5
1958	5,048.8	5,087.4	− 38.6
1959	4,754.7	5,364.0	−609.3
1960 (estimated)	5,301.0	5,706.8	−405.8





A. Revenues

Budgetary revenues were $5,301 million in the fiscal year 1959–60. This is $546 million or 12 per cent more than in the previous year. Of the total revenues for the year, $4,750 million, or 90 per cent was derived from taxes and $551 million or 10 per cent from non-tax revenues.

TABLE 4

Budgetary Revenues by Major Sources
(in millions of dollars)

Source	Fiscal year ended March 31				Increase or decrease (−)	
	1960 (estimated)		1959			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Tax revenues—						
Income tax—						
Personal[1]	1,555.0	29.3	1,353.5	28.5	201.5	14.9
Corporation[1]	1,140.0	21.5	1,020.6	21.5	119.4	11.7
On dividends, interest, etc., going abroad	75.0	1.4	61.2	1.3	13.8	22.5
Excise taxes—						
Sales[1]	737.0	13.9	694.5	14.6	42.5	6.1
Other	287.0	5.4	240.6	5.0	46.4	19.3
Customs import duties	529.0	10.0	486.5	10.2	42.5	8.7
Excise duties	338.0	6.4	316.7	6.7	21.3	6.7
Estate tax[2]	88.0	1.7	72.6	1.5	15.4	21.2
Other taxes	1.0	.....	1.2	.....	− 0.2	−16.7
	4,750.0	*89.6*	*4,247.4*	*89.3*	*502.6*	*11.8*
Non-tax revenues—						
Return on investments	239.0	4.5	221.2	4.7	17.8	8.0
Post office	165.0	3.1	157.5	3.3	7.5	4.8
Other non-tax revenues	147.0	2.8	128.6	2.7	18.4	14.3
	551.0	*10.4*	*507.3*	*10.7*	*43.7*	*8.6*
Total revenues	5,301.0	100.0	4,754.7	100.0	546.3	11.5

	1959–60 (estimated)	1958–59
[1] Excluding tax credited to the old age security fund—		
Personal income tax	185.6	146.4
Corporation income tax	91.3	55.3
Sales tax	273.0	173.6
	549.9	375.3

[2] Includes duties levied under the Succession Duty Act.

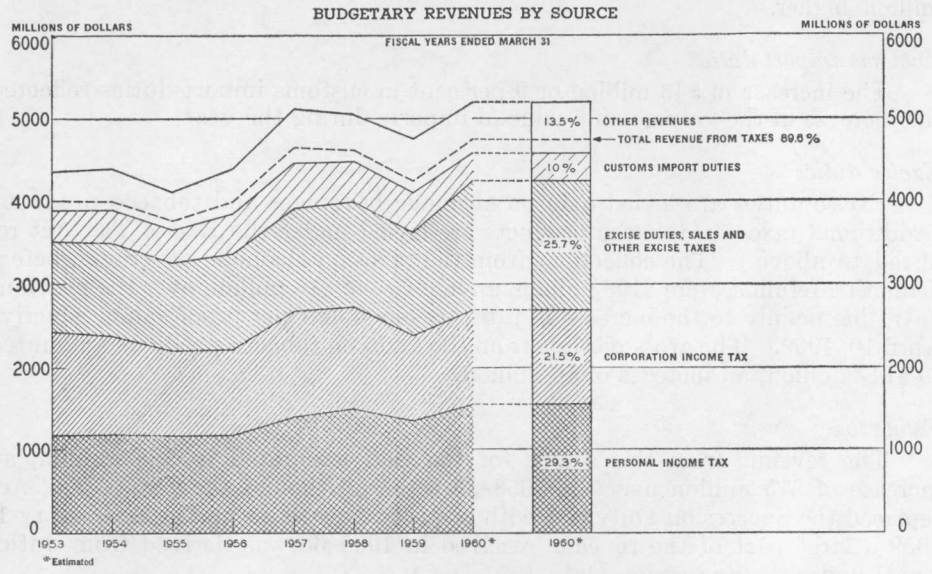
(1) tax revenues

Tax on personal incomes

The personal income tax was again in 1959–60 the largest source of government revenue, the yield (excluding the old age security tax) being $1,555 million. The increase of $202 million or 15 per cent over the previous year is due partly to the higher level of personal incomes during the year and partly to the increase in rates which took effect on July 1, 1959.

The introduction of electronic data processing in the Taxation Division of the Department of National Revenue has resulted in the earlier payment of refunds to Ontario taxpayers. Net revenues for 1959–60 are approximately $10 million less than they would otherwise have been and this will be reflected in an equivalent increase in revenue in the first three months of 1960–61. If the procedures of earlier years had been followed, the 1959–60 revenues from personal income tax would have been $10 million higher and the deficit $10 million less.

In addition the tax on personal incomes levied under the Old Age Security Act yielded $186 million. This tax which previously was 2 per cent with a maximum of $60 was increased effective July 1, 1959 to 3 per cent with a maximum of $90. This revenue is credited to the old age security fund.



Corporation income tax

The corporation income tax (excluding the old age security tax) yielded $1,140 million in 1959–60 and was the second largest revenue producer. The increase of $119 million or 12 per cent over the previous year is due partly to higher corporate profits in 1959 and partly to the increase in rates which was effective January 1, 1959.

In addition the tax on incomes of corporations levied under the Old Age Security Act yielded $91 million which is credited to the old age security fund. This tax was increased from 2 per cent to 3 per cent effective January 1, 1959.

Taxes on interest, dividends, rents and royalties going abroad

Revenue under this heading is derived from taxes withheld on payments of interest, dividends, rents, royalties, alimony and income from estates and trusts made to non-residents. The increase of $14 million over the previous year reflects higher corporate profits in 1959.

Excise taxes

Included under this heading are the revenues from the general sales tax and the special excise taxes levied on a number of manufactured products.

From a revenue standpoint the most important tax levied under the Excise Tax Act is the sales tax. The increase of $43 million or 6 per cent in receipts (excluding the old age security tax) over the previous year reflected the higher general level of activity and production in the economy in 1959–60.

The tax on sales levied under the Old Age Security Act and credited to the old age security fund yielded $273 million compared with $174 million in the previous year. This tax was increased from 2 per cent to 3 per cent effective April 10, 1959.

Excise taxes other than the general sales tax were $46 million or 19 per cent more than in the previous year. Receipts from the tax on tobacco products were $36 million higher than in the previous year, due mainly to the increase in the tax rate of two cents per package of twenty cigarettes which was effective April 10, 1959. In addition receipts from the tax on automobiles were $7 million higher.

Customs import duties

The increase of $43 million or 9 per cent in customs import duties reflected the increase in the volume and value of imports during the year

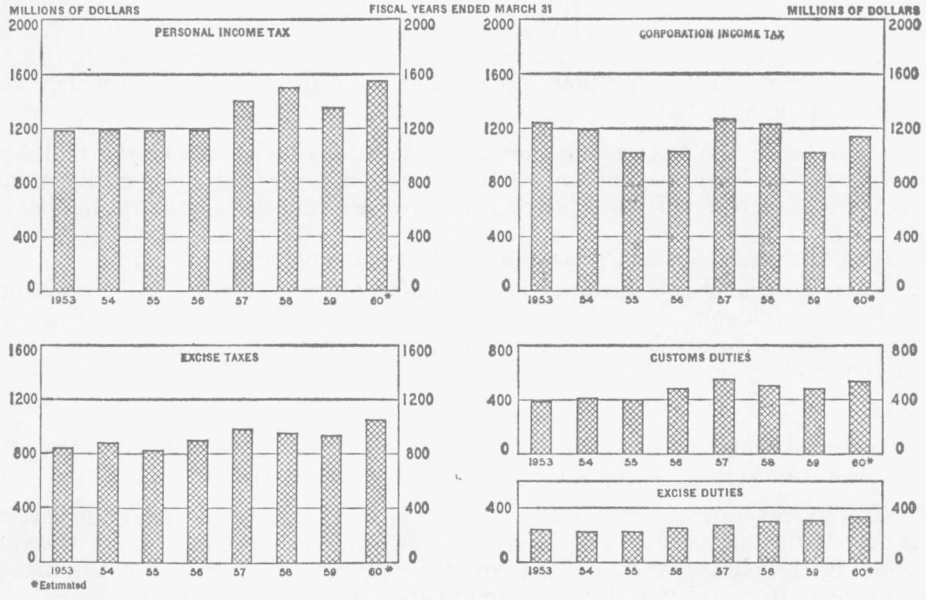
Excise duties

Excise duties are levied only on alcoholic beverages and tobacco products. (Additional taxes on tobacco products are levied under the Excise Tax Act referred to above.) The collections from the taxes on alcoholic beverages, before deducting refunds, were $195 million, an increase of $15 million over the previous year, due mainly to the increase in rates by one dollar per proof gallon effective April 10, 1959. The gross receipts from the taxes on tobacco products amounted to $147 million, an increase of $6 million.

Estate tax

The revenue from this source for the year amounted to $88 million, an increase of $15 million over the 1958–59 total. Although the Estate Tax Act replaced the Succession Duty Act with respect to death on and after January 1, 1959 a large part of the revenue received in 1959–60 was derived from duties levied under the Succession Duty Act.

PRINCIPAL SOURCES OF TAX REVENUES



Other taxes

Most of the revenue under this heading was received from the special taxes on the export of electrical energy from Canada, but a small amount was also received from the tax on the export of furs from the Northwest Territories.

(2) NON-TAX REVENUES

Non-tax revenues for 1959–60 were $551 million, $44 million or 9 per cent more than the 1958–59 total of $507 million.

TABLE 5

(in millions of dollars)

NON-TAX REVENUES	Fiscal year ended March 31		Increase or decrease (−)	
	1960 (estimated)	1959	Amount	Per cent
Return on investments	239.0	221.2	17.8	8.0
Post office	165.0	157.5	7.5	4.8
Refunds of previous years' expenditures	45.8	37.7	8.1	21.5
Services and service fees	30.5	27.2	3.3	12.1
Proceeds from sales	24.7	23.5	1.2	5.1
Privileges, licences and permits	31.9	27.9	4.0	14.3
Bullion and coinage	5.9	4.4	1.5	34.1
Premium, discount and exchange	1.0	1.0	.....	.....
Other	7.2	6.9	0.3	4.3
	551.0	507.3	43.7	8.6

Return on investments

Receipts in this category amounted to $239 million compared with $221 million in 1958–59.

Payments from Crown corporations were $154 million, $7 million over the 1958–59 amount. Increases of $17 million in receipts from the Central Mortgage and Housing Corporation, $3 million from the Canadian National Railways and other smaller increases amounting to $2 million were offset partly by a decrease of $15 million from the Bank of Canada.

TABLE 6

(in millions of dollars)

RETURN ON INVESTMENTS	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Loans to, and investments in, Crown corporations—			
Bank of Canada—profits	74.0	88.6	−14.6
Canadian National Railways	14.3	11.4	2.9
Central Mortgage and Housing Corporation	45.9	29.0	16.9
Eldorado Mining and Refining Limited	4.2	3.5	0.7
Farm Credit Corporation [1]	2.6	2.0	0.6
National Harbours Board	3.3	3.2	0.1
Northern Ontario Pipe Line Crown Corporation	4.1	3.1	1.0
Polymer Corporation Limited	4.0	4.0	.....
Miscellaneous	1.6	1.7	−0.1
	154.0	*146.5*	*7.5*
Other loans and investments—			
United Kingdom	22.5	22.8	−0.3
Other national governments	11.1	9.1	2.0
Provincial governments	1.4	0.9	0.5
Soldier and general land settlement loans and veterans land act advances	5.0	5.1	−0.1
Exchange fund account	25.5	18.6	6.9
Securities investment account	3.9	2.6	1.3
Sinking fund and other investments held for retirement of unmatured debt	2.5	6.1	−3.6
Interest-bearing deposits with chartered banks	8.1	5.0	3.1
Unemployment Insurance Commission	1.3	.....	1.3
Miscellaneous	3.7	4.5	−0.8
	85.0	*74.7*	*10.3*
	239.0	221.2	17.8

[1] Formerly the Canadian Farm Loan Board.

Other loans and investments yielded $85 million, an increase of $10 million over the previous year. Increases of $7 million in profits of the exchange fund, $3 million in interest on deposits with the chartered banks and other smaller increases amounting to $4 million were offset partly by a decrease of $4 million in earnings from the sinking fund and other investments.

Post office

Gross post office receipts totalled $191 million but authorized disbursements from revenues for salaries and rent allowances at semi-staff and revenue offices, commissions at sub offices, transit charges on Canadian mail forwarded through or delivered in foreign countries, etc., amounting to $26 million, brought the net revenue to $165 million. Last year gross receipts amounted to $183 million and authorized disbursements totalled $26 million.

As costs of operating the post office during 1959–60 (excluding the $26 million charged to revenue) were $168 million, net expenditure exceeded net revenue by $3 million. However, in making this comparison, it is to be noted that the total shown for post office revenue does not reflect any payment for the franking privilege covering parliamentary and departmental mail or for certain miscellaneous services provided for other government departments and agencies, nor does the total shown for operating expenses reflect any charges for premises occupied by the Post Office Department or for certain accounting and miscellaneous services provided by other departments.

Refunds of previous years' expenditures

Refunds in the current fiscal year of expenditures made in prior years totalled $46 million, $8 million more than in 1958–59. These refunds included $15 million received by the Department of National Defence, of which $5 million was on contracts with the United States Government for the supply of engines, aircraft and other defence equipment under an arrangement that when Canada places contracts with the Government of the United States, payments of the estimated costs are made to the United States Treasury and if these estimated costs are revised, or if there are reductions in the contracts, the United States Government refunds the overpayments. The Department of Finance received $13 million (of which $12 million was a repayment by the Province of Ontario in connection with succession duty payments under the tax-rental agreements), the Departments of Transport and Veterans Affairs received $2 million each and other departments received $11 million. In addition, the unexpended balance, amounting to $3 million, of the 1958–59 parliamentary grant for the capital expenditures of the radio and television services was refunded by the Canadian Broadcasting Corporation.

Services and service fees

Sums totalling $31 million were collected during 1959–60 by various government departments for services and service fees, $3 million more than the total collected in the previous year.

Revenue from this source included $10 million received by the Royal Canadian Mounted police, mainly for police services to provinces and municipalities; $6 million by the Department of Trade and Commerce, mainly for services in connection with the inspection, weighing, storage and elevation of grain

and for electricity, gas and weights and measures inspection services; and $5 million received by the Department of Transport, mainly for wharfage and other canal and marine service fees, steamship inspection, air-ground radio at airports, and government telegraph and telephone services.

Proceeds from sales

Receipts from proceeds from sales were $25 million for 1959–60, $1 million more than the total received in 1958-59.

Receipts under this category included $6 million from Crown Assets Disposal Corporation representing amounts realized from the disposal of surplus Crown assets (after deducting certain agency fees and transfers), $4 million under agreements of sale and $5 million from Central Mortgage and Housing Corporation representing the proceeds from the sale of wartime housing properties and including amounts available as the result of the reversal of the provision for depreciation set aside by the corporation in previous years on properties that have now been sold.

Privileges, licences and permits

Revenues of $32 million were received during the fiscal year on account of privileges, licences and permits compared with $28 million received last year.

Included in these revenues is an amount of $11 million collected by the Department of Transport, mainly on account of aircraft landing fees, rentals of hangar accommodation, and other miscellaneous rental charges, and $3 million by the Department of Northern Affairs and National Resources for oil leases in the Northwest Territories.

Bullion and coinage

Revenue of $6 million under this heading arose out of the operations of the Royal Canadian Mint and included a net gain on coinage of $5 million, and gold refining, storage and handling charges and gain in gold refining of $1 million (of which more than half was in respect of handling charges).

Premium, discount and exchange

Under this heading is recorded the premiums and discounts incurred in the purchase of foreign currencies. Transactions in the current fiscal year resulted in a net credit of $1 million to revenues, the same as in the previous year.

Other non-tax revenues

Revenues under this category amounted to $7 million, the same as in 1958–59.

(3) COMPARISON OF ACTUAL REVENUES WITH FORECAST

The Budget Speech of April 9, 1959 forecast that budgetary revenues for the fiscal year 1959–60 would be $5,267 million.

It is now estimated that actual budgetary revenues for the fiscal year will be $5,301 million or $34 million more than forecast.

The following table shows the extent to which actual revenues for 1959–60, as now estimated, differ from the budget forecast:

TABLE 7

COMPARISON OF FORECAST WITH ACTUAL REVENUES FOR FISCAL YEAR ENDED MARCH 31, 1960
(in millions of dollars)

SOURCE OF REVENUES	Budget forecast of revenues	Revenues (estimated)	Increase or decrease (−) compared with budget forecast	
			Amount	Per cent
Personal income tax	1,578	1,555	−23	−1.5
Corporation income tax	1,097	1,140	43	3.9
Non-resident income tax	75	75	.....	.....
Estate tax	75	88	13	17.3
Customs import duties	528	529	1	0.2
Sales tax (net)	756	737	−19	−2.5
Other duties and taxes	648	626	−22	−3.4
Total tax revenues	4,757	4,750	− 7	−0.1
Non-tax revenues	510	551	41	8.0
Total budgetary revenues	5,267	5,301	34	0.6

As the above table shows, the actual revenue from a number of sources is expected to be very close to the amount forecast. The revenue sources which showed a significant difference, on a percentage basis, from the amount forecast are the corporation income tax, estate tax and non-tax revenues.

The revenue from corporation income tax exceeded the forecast by a small amount, reflecting higher than expected corporate profits.

The revenue from the estate tax has been substantially influenced in the last four years by duties payable on two exceptionally large estates and actual revenues in each year have varied from forecasts because of the difficulty of foreseeing exactly when the duties on these estates would be paid.

Non-tax revenues were $41 million above the forecast, due to larger than expected returns on investments.

B. EXPENDITURES

Budgetary expenditures for 1959–60 amounted to $5,707 million, an increase of $343 million over the 1958–59 total of $5,364 million.

TABLE 8

STATEMENT OF BUDGETARY EXPENDITURES BY DEPARTMENTS AND MAJOR CLASSIFICATIONS
(in millions of dollars)

—	Fiscal year ended March 31				Increase or decrease (−)	
	1960 (estimated)		1959			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Defence expenditures—						
National Defence	[1] 1,505.7	26.4	1,424.7	26.6	81.0	5.7
Defence Production	17.3	0.3	13.9	0.2	3.4	24.5
Civil defence	[2] 5.3	0.1	3.8	0.1	1.5	39.5
	1,528.3	26.8	1,442.4	26.9	85.9	6.0
Non-defence expenditures—						
Agriculture	185.3	3.3	165.8	3.1	19.5	11.8
Atomic Energy	31.1	0.5	26.1	0.5	5.0	19.2
Canadian Broadcasting Corporation	61.6	1.1	62.0	1.2	−0.4	−0.6
Citizenship and Immigration	55.8	1.0	52.9	1.0	2.9	5.5
External Affairs	97.9	1.7	75.5	1.4	22.4	29.7
Finance—						
Public debt charges	786.1	13.8	648.0	12.1	138.1	21.3
Provincial subsidies and tax-sharing payments (including transitional and additional grants to Newfoundland)	522.0	9.2	467.0	8.7	55.0	11.8
Government contributions with respect to the superannuation account	40.0	0.7	37.7	0.7	2.3	6.1
Other	76.8	1.3	75.5	1.4	1.3	1.7
	1,424.9	*25.0*	*1,228.2*	*22.9*	*196.7*	*16.0*
Fisheries	20.2	0.4	17.5	0.3	2.7	15.4
Justice	8.2	0.1	7.6	0.1	0.6	7.9
Office of the Commissioner of Penitentiaries	20.5	0.4	16.7	0.3	3.8	22.8
	28.7	*0.5*	*24.3*	*0.4*	*4.4*	*18.1*
Labour	22.9	0.4	14.4	0.3	8.5	59.0
Unemployment Insurance Act administration and government's contribution	81.4	1.4	72.4	1.3	9.0	12.4
	104.3	*1.8*	*86.8*	*1.6*	*17.5*	*20.2*
Mines and Technical Surveys	55.1	1.0	43.8	0.8	11.3	25.8
National Health and Welfare—						
Family allowances	491.3	8.6	474.8	8.9	16.5	3.5
Reduction in the amount of temporary loans to the old age security fund	.....	.....	184.0	3.4	−184.0	−100.0
Government contributions under the Hospital and Diagnostic Services Act	149.8	2.6	54.7	1.0	95.1	173.9
Other	[3] 168.5	3.0	155.6	2.9	12.9	8.3
	809.6	*14.2*	*869.1*	*16.2*	*−59.5*	*− 6.8*
National Research Council	31.3	0.5	25.4	0.5	5.9	23.2
National Revenue	69.2	1.2	68.8	1.3	0.4	0.6
Northern Affairs and National Resources	81.4	1.4	65.2	1.2	16.2	24.8
Post Office	167.6	2.9	157.8	2.9	9.8	6.2
Public Works	215.2	3.8	226.1	4.1	−10.9	− 4.8
Royal Canadian Mounted Police	53.3	0.9	51.7	1.0	1.6	3.1
Trade and Commerce	67.4	1.2	65.6	1.2	1.8	2.7
Transport	298.4	5.2	288.8	5.4	9.6	3.3
Veterans Affairs	290.0	5.1	288.8	5.4	1.2	0.4
Other departments	[4] 30.2	0.5	31.4	0.7	− 1.2	− 3.8
	4,178.5	73.2	3,921.6	73.1	256.9	6.6
Total budgetary expenditures	5,706.8	100.0	5,364.0	100.0	342.8	6.4

[1] Does not include $0.4 million in respect of civil defence.
[2] Includes expenditures of $3.7 million made by the Department of National Health and Welfare, $1.2 million by Privy Council and $0.4 million by the Department of National Defence.
[3] Does not include $3.7 million in respect of civil defence.
[4] Does not include $1.2 million made by Privy Council in respect of civil defence.

The Budget—Appendix

Defence expenditures

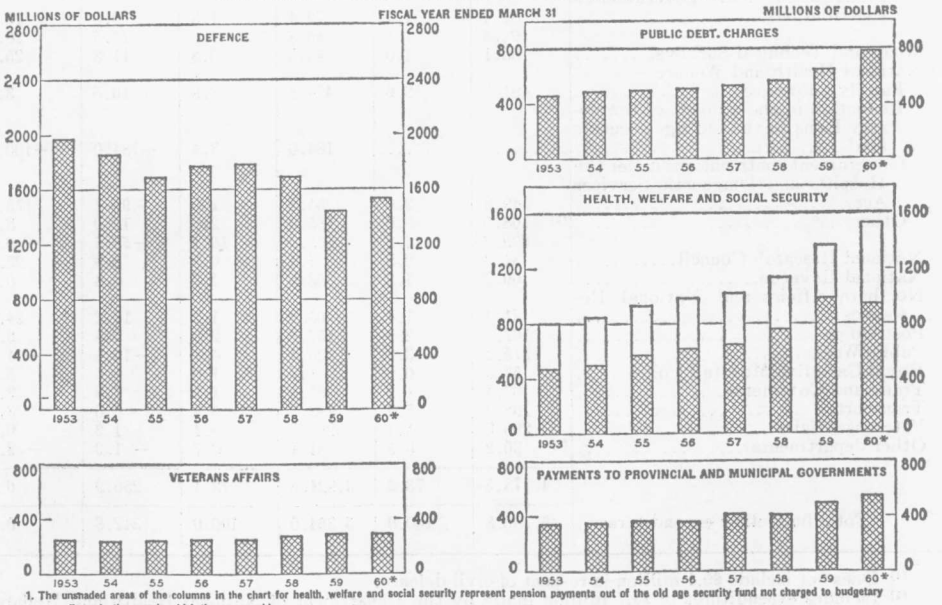
Defence expenditures which consist of expenditures of the Departments of National Defence and Defence Production and outlays for the civil defence programme are again the largest category of government budgetary expenditures. The total of $1,528 million for 1959–60 was approximately 27 per cent of the aggregate budgetary expenditures of the government and was $86 million, or about 6 per cent, more than the total of $1,442 million for 1958–59 when defence expenditures were also 27 per cent of aggregate budgetary expenditures.

Expenditures of the Department of National Defence were $1,506 million, those of the Department of Defence Production were $17 million and outlays for the civil defence programme were $5 million. In 1958–59 expenditures were $1,424 million, $14 million and $4 million respectively.

Expenditures for army, naval and air services totalled $1,378 million, $169 million more than the 1958–59 total. The outlay for army services increased by $30 million, for naval services by $48 million and for air services by $91 million over the previous year's totals. However, when comparing defence costs charged to budgetary expenditures for the past two years it must be noted that in 1958–59 purchases in the amount of $212 million were charged to the national defence equipment account rather than to budgetary expenditures. This was in accordance with the policy announced by the Minister of Finance in his budget speech of June 17, 1958, that the balance in the national defence equipment account would be liquidated during the fiscal year 1958-59.

Expenditures on mutual aid to NATO countries in 1959–60 show a decline of $56 million from those of the preceding year. However, this apparent decline was due to a change in the method of accounting for this programme in the current year rather than to any major reduction in the programme itself.

PRINCIPAL CLASSES OF BUDGETARY EXPENDITURE



1. The unshaded areas of the columns in the chart for health, welfare and social security represent pension payments out of the old age security fund not charged to budgetary expenditure in the year in which they were paid.
2. Does not include those payments made to provincial and municipal governments for specific purposes.
* Estimated

TABLE 9

(in millions of dollars)

Defence Expenditures	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Department of National Defence—			
Army services	400.8	370.6	30.2
Naval services	261.6	213.9	47.7
Air services	715.4	624.4	91.0
	1,377.8	*1,208.9*	*168.9*
Defence research and development	40.1	74.4	−34.3
Mutual aid to NATO countries including contributions towards military costs of NATO	14.7	70.7	−56.0
Government contribution to the permanent services pension account	51.8	49.5	2.3
Administration and general	(1) 21.3	21.2	0.1
	1,505.7	1,424.7	81.0
Department of Defence Production—			
Capital assistance	2.9	1.8	1.1
Administration and general	14.4	12.1	2.3
	17.3	*13.9*	*3.4*
Civil defence programme	(2) 5.3	3.8	1.5
	1,528.3	1,442.4	85.9

(1) Does not include $0.4 million in respect of civil defence.

(2) Includes expenditures of $3.7 million made by the Department of National Health and Welfare, $1.2 million by Privy Council and $0.4 million by the Department of National Defence.

Direct charges to mutual aid in 1958–59 amounted to $13 million consisting of procurement of equipment for mutual aid and Canada's share of NATO military budgets and infrastructure costs. Expenditures on these items in 1959–60 amounted to $15 million. However, in 1958–59 the mutual aid appropriation was charged also with the value of equipment transferred from service stocks amounting to $51 million plus a further $7 million in respect of NATO aircrew training carried out by the RCAF. In the fiscal year under review the costs of these items are being borne by the services without recovery from the mutual aid appropriation which provides for direct charges only. The value of these items in the mutual aid programme in 1959–60 was $54 million for transfers of equipment and $5 million for NATO aircrew training.

Outlays for defence research and development were $40 million compared with $74 million in 1958–59.

The government's contribution to the permanent services pension account of an amount equal to $1\frac{2}{3}$ times the contributions by permanent services personnel was $52 million, an increase of $2 million over the total for the previous year.

Administration and general costs were $21 million in 1959–60, approximately the same as for 1958–59.

The total expenditure of $17 million for the Department of Defence Production was $3 million more than in 1958–59. This increase resulted from the $1 million outlay in connection with the government programme instituted in 1959–60 of supporting selected defence development programmes in order to sustain technological capability in Canadian industry, the increase of $1 million in administration and general costs and the $1 million increase in respect of the

programme under which capital assistance is given to private contractors, Crown plants operated on a management-fee basis and Crown corporations undertaking contracts essential to the defence programme.

Civil defence expenditures of $5 million were $1 million higher than comparable costs in 1958–59.

In addition to these budgetary expenditures for defence, there were certain other cash outlays which must be considered in assessing the full effect of the defence programme on the economy of Canada.

Under section 11 of the National Defence Act, materiel, not immediately required for the use of the Canadian defence forces or the Defence Research Board, may be sold to such countries and upon such terms as the Governor in Council may determine. The proceeds of such sales in 1959–60 amounting to $4 million were credited to a special account to be used for the procurement of materiel. Net cash outlays from this account during 1959–60 were $10 million leaving a balance of $4 million at March 31, 1960.

The Department of Defence Production also makes cash disbursements for the procurement of materials for use in the manufacture of defence equipment which are not recorded as budgetary expenditures. For purposes of accounting and control, these amounts are charged to the defence production revolving fund and are treated as assets on the books of the government until they are billed to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment. As a result of the transactions during 1959–60 proceeds from sales exceeded purchases by $10 million and the assets of the fund were reduced by an equivalent amount leaving a balance of $20 million in the account at March 31, 1960.

For several years cash outlays were made for the purchase of equipment and supplies for the army, naval or air services which were charged to the national defence equipment account and not included in budgetary expenditures. In 1958–59 this account was liquidated in accordance with the policy outlined in the budget speech of June 17, 1958. Consequently there was no non-budgetary charge in 1959–60 comparable to the charge of $212 million made in 1958–59.

The following table summarizes the cash outlays for defence for the past two fiscal years:

TABLE 10

(in millions of dollars)

Cash Outlays for Defence	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Budgetary expenditures—			
Department of National Defence	1,505.7	1,424.7	81.0
Department of Defence Production	17.3	13.9	3.4
Civil defence programme	5.3	3.8	1.5
	1,528.3	1,442.4	85.9
Disbursements from—			
National defence equipment account	.....	211.7	−211.7
Replacement of materiel account—sec. 11, National Defence Act (net)	10.2	4.3	5.9
Defence production revolving fund (net)	−10.2	−24.4	14.2
	.....	*191.6*	*−191.6*
Net cash outlay for defence	1,528.3	1,634.0	−105.7

Agriculture

Expenditures of the Department of Agriculture totalled $185 million for 1959–60 compared with $166 million in 1958–59.

Increases of $43 million in the net operating loss of the agricultural stabilization board, $6 million in contributions to the provinces of Alberta, Saskatchewan and Manitoba in respect of unharvested crops, $8 million in expenditures of the production and marketing branch, $5 million in outlays for rehabilitation and reclamation projects and $2 million in research branch expenditures were offset partially by decreases of $41 million in payments to western grain producers and $4 million in the deficit of the prairie farm emergency fund.

TABLE 11

(in millions of dollars)

Agriculture	Fiscal year ended March 31		Increase or decrease (—)
	1960 (estimated)	1959	
Agricultural stabilization board—net operating loss	57.7	15.0	42.7
Contributions to Alberta, Saskatchewan and Manitoba—unharvested crops	6.0	.....	6.0
Payments to western grain producers	.....	41.3	—41.3
Prairie farm emergency fund—deficit	13.2	17.0	— 3.8
Production and marketing branch—			
Freight assistance on western feed grains	23.2	20.0	3.2
Premium on hog carcasses including administrative costs	8.2	6.9	1.3
Other	27.3	23.9	3.4
	58.7	*50.8*	*7.9*
Rehabilitation and reclamation projects	18.9	13.5	5.4
Research branch	28.6	26.2	2.4
Administration and general	2.2	2.0	0.2
	185.3	165.8	19.5

The 1959–60 net operating loss of the agricultural stabilization board was $58 million compared with $15 million in 1958–59.

Under the authority of Vote 613 of Appropriation Act No. 1, 1960 contributions totalling $6 million were made to the Provinces of Alberta, Saskatchewan and Manitoba during 1959–60, in accordance with terms and conditions prescribed by the Governor in Council, of one-half the amounts paid by the Governments of those Provinces to farmers in respect of unharvested crops to a maximum of $300 in respect of any one farm; and contributions to the Governments of those Provinces (or their municipalities) in respect of the administrative costs incurred by them in making such payments.

In 1958–59 payments of $41 million were made under authority of Vote 663 of Appropriation Act No. 5, 1958 and Vote 698 of Appropriation Act No. 1, 1959 in accordance with Western Grain Producers Acreage Payments Regulations. There was no expenditure for this purpose in 1959–60.

Advances of $13 million made by the Minister of Finance to the prairie farm emergency fund to cover the year's deficit were charged to budgetary expenditures. The comparable amount in 1958–59 was $17 million.

Atomic Energy

Expenditures of the Atomic Energy Control Board and payments to Atomic Energy of Canada Limited totalled $31 million compared with $26 million in 1958–59, an increase of $5 million.

Administration expenses of the Atomic Energy Control Board and grants for research and investigations with respect to atomic energy were $1 million, slightly higher than in 1958–59.

During the fiscal year $30 million was paid to Atomic Energy of Canada Limited for its research programme, $4 million more than in the previous year. Of the total, $19 million was for current operations and maintenance and $11 million for the construction and acquisition of buildings, land, works and equipment.

In addition, working capital advances of $2 million were made to Atomic Energy of Canada Limited during the year. This brought the total of advances covered, or to be covered, by obligations or shares of the company to $61 million at March 31, 1960.

Canadian Broadcasting Corporation

Expenditures of $62 million were made by the government on account of the Canadian Broadcasting Corporation during 1959–60, approximately the same as in 1958–59.

Grants for radio broadcasting and television services increased by $2 million over the corresponding amount for 1958–59, while expenditures for the international shortwave broadcasting service remained at approximately $2 million.

There were no payments made during 1959–60 of amounts equal to the 15 per cent special tax collected under the Excise Tax Act in respect of radio and television sets and equipment. These payments were discontinued under the provisions of the Broadcasting Act which came into force on November 10, 1958.

During the fiscal year 1959–60 grants totalling $7 million were made to the Canadian Broadcasting Corporation for the capital requirements, including the replacement of existing capital assets, of the radio and television services.

TABLE 12

(in millions of dollars)

Canadian Broadcasting Corporation	Fiscal year ended March 31				
	1956	1957	1958	1959	1960 (estimated)
Grants to the Canadian Broadcasting Corporation by the Government of Canada—					
Amounts equal to tax collected under the Excise Tax Act in respect of radio and television sets and equipment	23.1	19.3	16.8	9.8	.....
Capital requirements of the radio and television service	.....	.....	.....	.....	7.2
Radio broadcasting and television services	6.3	18.3	24.4	50.3	52.4
International shortwave broadcasting service	1.8	1.7	1.8	1.9	2.0
	31.2	39.3	43.0	62.0	61.6

Citizenship and Immigration

Expenditures of the Department of Citizenship and Immigration were $56 million in 1959–60, an increase of $3 million over the total for 1958–59.

Outlays for the Indian affairs branch increased by $5 million during 1959–60, due principally to increases of $3 million in expenditures for Indian education and $2 million for Indian welfare, while costs of the operation of the immigration branch decreased by $2 million due to lower expenditures in connection with assisted passage and other assistance given to immigrants.

TABLE 13

(in millions of dollars)

Citizenship and Immigration	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Citizenship and citizenship registration	1.4	1.4	.....
Immigration	12.1	14.4	−2.3
Indian affairs	41.6	36.4	5.2
Administration and general	0.7	0.7	.....
	55.8	52.9	2.9

External Affairs

Expenditures of the Department of External Affairs totalled $98 million in 1959–60, an increase of $22 million over the previous year.

The principal changes in expenditure were increases of $15 million in the grant to the Colombo plan fund, $6 million in contributions to international organizations, $2 million in assistance to other countries and $1 million in the costs of representation abroad.

TABLE 14

(in millions of dollars)

External Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Assistance to other countries	16.2	14.6	1.6
Canada's assessment for membership in international or commonwealth organizations	4.2	4.4	− 0.2
Contributions to international organizations	10.4	4.9	5.5
Grant to Colombo plan fund	50.0	35.0	15.0
Representation abroad	10.4	9.6	0.8
Administration and general	6.7	7.0	− 0.3
	97.9	75.5	22.4

Finance

Expenditures of the Department of Finance amounted to $1,425 million in 1959–60, an increase of $197 million over the corresponding total of $1,228 million in 1958–59.

Increases of $138 million in public debt charges, $55 million in provincial subsidies and tax-sharing payments and $2 million in government contributions with respect to the superannuation fund were the main factors in the overall increase.

TABLE 15

(in millions of dollars)

Finance	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Public debt charges	786.1	648.0	138.1
Provincial subsidies and tax-sharing payments (including transitional and additional grants to Newfoundland)	522.0	467.0	55.0
Government contributions with respect to the superannuation account	40.0	37.7	2.3
Grants to municipalities in lieu of taxes on federal property	21.5	21.9	− 0.4
Grants to universities—			
Payments to the National Conference of Canadian Universities	26.1	25.5	0.6
Government contribution as an employer to the unemployment insurance fund	0.8	0.8	.....
Office of the Comptroller of the Treasury—administration expenses	18.3	17.9	0.4
Administration and general	10.1	9.4	0.7
	1,424.9	1,228.2	196.7

Public debt charges

In 1959–60 public debt charges are again the second largest item of budgetary expenditure. These charges, which consist of interest on public debt, the annual amortization of bond discounts and commissions, the cost of issuing new loans and other costs incurred in servicing the public debt, amounted to $786 million in 1959–60 or 14 per cent of all budgetary expenditure compared with $648 million or 12 per cent in 1958–59.

TABLE 16

(in millions of dollars)

Interest and Other Public Debt Charges	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Interest on public debt—			
Unmatured debt including treasury bills—			
Payable in Canada	597.6	476.3	121.3
Payable in London	1.5	1.5	.....
Payable in New York	4.1	7.9	− 3.8
	603.2	*485.7*	*117.5*
Other liabilities—			
Deposit and trust accounts	3.4	3.3	0.1
Annuity, insurance and pension accounts	131.6	117.6	14.0
	135.0	*120.9*	*14.1*
Total interest on public debt	738.2	606.6	131.6
Other public debt charges—			
Annual amortization of bond discounts and commissions	45.6	36.7	8.9
Cost of issuing new loans	1.7	4.1	−2.4
Servicing of public debt	0.6	0.6	.....
	47.9	*41.4*	*6.5*
	786.1	648.0	138.1

Interest on public debt was $738 million in 1959–60, an increase of $131 million over the 1958–59 total of $607 million. Interest of $603 million on unmatured debt was $117 million higher due to an increase in unmatured debt and the general rise in interest rates; interest of $135 million on other liabilities was $14 million higher due mainly to increases of $8 million in respect of the permanent services pension account, $3 million in respect of the superannuation account and $2 million in respect of the government annuities account. Approximately one-half of the increase in respect of the permanent services pension account was due to the fact that the 1958–59 totals did not include interest for the first quarter of the year on the increase in the balance effective April 1, 1958 due to an actuarial adjustment of $326 million.

Other public debt charges amounted to $48 million compared with $41 million in 1958–59. The annual amortization charges of bond discounts and commissions were $9 million higher and the cost of issuing new loans was $2 million less than comparable 1958–59 amounts.

When considering the magnitude of these public debt charges and the burden they place upon the public treasury, it must be borne in mind that a substantial portion of the debt is attributable to, or is invested in, productive or earning assets. Therefore, in calculating the *net* burden of the government's annual interest charges, the income derived from loans, investments and other productive assets must be taken into account. For 1959–60 this income was $239 million as shown in the non-tax revenue section under the heading "Return on investments". This amount deducted from the gross total of $738 million for interest as shown in the above table leaves a net amount of $499 million compared with a net of $386 million in 1958–59.

Subsidies and tax-sharing payments to provinces

Payments to the provinces during 1959–60 for statutory subsidies, rentals under the Tax-Sharing Arrangements Act, the transitional and additional grants to Newfoundland, and the transfer of a portion of income tax receipts from certain public utility companies are expected to amount to $522 million compared with $467 million in 1958–59.

Charges to budgetary expenditures in 1959-60 under the Federal-Provincial tax-sharing arrangements, including adjustments made on account of previous years, were $61 million more than in 1958–59. The increase was occasioned by higher individual income tax collections and corporation taxable income for the 1959 taxation year.

TABLE 17

(in millions of dollars)

Subsidies and Tax-Sharing Payments to Provinces	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Payments under Federal-Provincial Tax-Sharing Arrangements Act, c. 29, Statutes of 1956, as amended, c. 29, Statutes of 1957–58	484.3	423.1	61.2
Statutory subsidies	20.7	20.6	0.1
Transitional grant to Newfoundland	0.7	1.0	−0.3
Additional grants to Newfoundland	7.3	13.6	−6.3
Transfer of certain public utility tax receipts	9.0	8.7	0.3
	522.0	467.0	55.0

Payments to the provinces under the Federal-Provincial tax-sharing arrangements in 1959–60 were adjusted by deducting a total of $1 million from the tax-sharing entitlement of the provinces of Newfoundland, Prince Edward Island, New Brunswick, Manitoba and Saskatchewan. These deductions represented recovery of one-fifth of overpayments made to those provinces under the 1952 tax-rental agreements on account of an over-estimation of their population as revealed by the 1956 census. By memoranda of agreement with the provinces concerned, the 1952 tax-rental agreements were amended to authorize the recovery of the overpayment in equal monthly deductions from the tax-sharing payments of those provinces over the five-year life of the new agreements.

Under the Newfoundland Additional Grants Act, pursuant to the report of the Royal Commission on Newfoundland Finances appointed under clause 29 of the Terms of Union, Newfoundland is to receive additional grants for the fiscal years 1957–58 to 1961–62 inclusive. The additional grant for 1959–60 was $7.3 million. The additional grant of $13.6 million paid in 1958–59 was for two fiscal years.

Statutory subsidies at $21 million in 1959–60 were virtually unchanged from the previous year.

A summary of payments, by provinces, during 1959–60 is given in the following table:

TABLE 18

(in millions of dollars)

Subsidies and Tax-Sharing Payments to Provinces	Fiscal year ended March 31, 1960 (estimated)				
	Statutory subsidies	Payments under tax-sharing arrangements	Transitional and additional grants	Transfer of certain public utility tax receipts	Total
Newfoundland	1.6	27.4	8.0	0.3	37.3
Prince Edward Island	0.6	6.7	.....	0.1	7.4
Nova Scotia	2.0	39.4	.....	0.5	41.9
New Brunswick	1.7	33.6	.....	0.2	35.5
Quebec	3.3	68.6	.....	2.4	74.3
Ontario	3.6	106.2	.....	1.6	111.4
Manitoba	2.1	39.2	.....	.....	41.3
Saskatchewan	2.1	39.9	.....	0.1	42.1
Alberta	2.4	55.4	.....	2.3	60.1
British Columbia	1.3	67.9	.....	1.5	70.7
	20.7	484.3	8.0	9.0	522.0

The amount of public utility tax receipts to be transferred to the provinces in 1959–60 is estimated to amount to $9 million, virtually unchanged from the previous year. Section 6 of the Tax-Rental Agreements Act, 1952, authorized the payment to the provinces, whether participating in an agreement or not, of a portion of the income tax collected from corporations whose main business was the distribution to, or the generation for distribution to, the public of electrical energy, gas or steam. The 1958–59 payment represented the transferrable portion of the income tax from the above corporations for the taxation year 1956. That payment was the last transfer authorized under the 1952 Tax-Rental Agreements Act; the payment for 1959–60 was authorized by Vote 114 of Appropriation Act No. 5, 1959.

Fisheries

Expenditures of the Department of Fisheries amounted to $20 million in 1959–60, $3 million more than was spent in 1958–59. Increases of $2 million in outlays by the field services division and $1 million in administration and general costs accounted for the change.

TABLE 19

(in millions of dollars)

Fisheries	Fiscal year ended March 31		Increase or decrease (—)
	1960 (estimated)	1959	
Field services	10.2	8.2	2.0
Canada's share of the costs of international commissions	0.8	0.8	.....
Fisheries Research Board of Canada	5.0	5.0	.....
Administration and general	4.2	3.5	0.7
	20.2	17.5	2.7

Justice

Expenditures of the Department of Justice amounted to $29 million for 1959–60, an increase of $4 million over the 1958–59 total, due mainly to an increase in the costs of the Office of the Commissioner of Penitentiaries.

TABLE 20

(in millions of dollars)

Justice	Fiscal year ended March 31		Increase or decrease (—)
	1960 (estimated)	1959	
Judges' salaries and travelling allowances	5.0	4.8	0.2
Administration and general	3.2	2.8	0.4
	8.2	*7.6*	*0.6*
Office of the Commissioner of Penitentiaries—			
Operation and maintenance of penitentiaries	13.4	12.0	1.4
Construction, improvements and equipment	6.5	4.2	2.3
Administration	0.6	0.5	0.1
	20.5	*16.7*	*3.8*
	28.7	24.3	4.4

Labour

Expenditures of the Department of Labour amounted to $104 million during 1959–60, an increase of $17 million over the 1958–59 total of $87 million. Increases of $8 million in the government contribution to the Unemployment Insurance Fund, $8 million in payments to provinces for assistance to municipalities for winter works projects and $1 million in payments to provinces under the Vocational Training Co-ordination Act were the main factors contributing to this increase.

Authorized payments to a province by the Government of Canada during 1959–60 of amounts not exceeding one-half of the cost of labour incurred on winter works projects are expected to total $8 million compared with $250 thousand in 1958–59.

79951-0—175

TABLE 21

(in millions of dollars)

Labour	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Administration and general	6.6	6.5	0.1
Payments to provinces authorized by Vocational Training Co-ordination Act	8.6	7.7	0.9
Municipal winter works programme	7.7	0.2	7.5
	22.9	*14.4*	*8.5*
Unemployment Insurance Commission—			
Administration and general	35.9	35.3	0.6
Government's contribution to the fund	45.5	37.1	8.4
	81.4	*72.4*	*9.0*
	104.3	86.8	17.5

Unemployment Insurance Act administration and government's contribution

Expenditures in 1959–60 relating to the Act (excluding the government's payment as an employer) amounted to $81 million compared with $72 million in 1958–59.

Unemployment insurance benefit payments are not charged directly to budgetary expenditures but are paid from the unemployment insurance fund which is financed by equal contributions from employees and employers, by interest earned on investments, and by the government's contribution of an amount equal to one-fifth of the combined employee-employer contributions.

The government's contribution to the fund for 1959–60 was $45 million and administrative costs were $36 million; the corresponding amounts for 1958–59 were $37 million and $35 million respectively.

Mines and Technical Surveys

Expenditures of the Department of Mines and Technical Surveys totalled $55 million for 1959–60, an increase of $11 million over the total for 1958–59.

TABLE 22

(in millions of dollars)

Mines and Technical Surveys	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Emergency gold mining assistance	13.2	9.8	3.4
Dominion Coal Board	17.6	11.3	6.3
Surveys and mapping including aerial photography	13.6	13.1	0.5
Mines branch	3.8	3.6	0.2
Geological survey of Canada	3.6	3.2	0.4
Administration and general	3.3	2.8	0.5
	55.1	43.8	11.3

The Budget—Appendix

The increase of $11 million was due mainly to increases of $6 million in the expenditures of the Dominion Coal Board for payments in connection with the movements of coal and $3 million in emergency gold mining assistance.

National Health and Welfare

Expenditures for the Department of National Health and Welfare (excluding outlays of $4 million for civil defence) during 1959–60 amounted to $810 million, a decrease of $59 million from the 1958–59 total of $869 million.

Outlays for the national health branch totalled $226 million in 1959–60, reflecting an increase of $95 million over the previous year's total, almost entirely due to the increase of $95 million in government contributions under the Hospital Insurance and Diagnostic Services Act.

During 1959–60 expenditures of the welfare branch decreased by $154 million from the 1958–59 total. Estimated increases of $17 million in payments for family allowances, $12 million for unemployment assistance and $1 million for disabled persons allowances, were more than offset by the fact that there was no comparable charge in 1959–60 to the 1958–59 expenditure of $184 million for the reduction in the amount of temporary loans to the old age security fund.

TABLE 23

(in millions of dollars)

National Health and Welfare[1]	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
National health branch—			
General health grants to provinces	46.0	45.9	0.1
Government contributions under the Hospital Insurance and Diagnostic Services Act	149.8	54.7	95.1
Indian and northern health services	21.0	22.2	−1.2
Other	9.5	9.0	0.5
	226.3	*131.8*	*94.5*
Welfare branch—			
Family allowances	491.3	474.8	16.5
Reduction in the amount of temporary loans to old age security fund	.....	184.0	−184.0
Old age assistance	30.5	30.2	0.3
Blind persons allowances	4.2	4.2	.....
Disabled persons allowances	16.1	15.3	0.8
Unemployment assistance	36.1	23.9	12.2
Other	3.2	3.1	0.1
	581.4	*735.5*	*−154.1*
Administration and general	1.9	1.8	0.1
	809.6	869.1	−59.5

[1] Excluding civil defence costs of $3.7 million in 1959-60 and $3.8 million in 1958-59.

General health grants to provinces

General health grants to the provinces for assistance in hospital construction, general health services and the control of diseases are estimated to be $46 million in 1959–60, approximately the same as in 1958–59.

TABLE 24

(in millions of dollars)

General Health Grants	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Newfoundland	1.0	0.9	0.1
Nova Scotia	1.4	1.9	−0.5
Prince Edward Island	0.3	0.4	−0.1
New Brunswick	1.6	1.7	−0.1
Quebec	13.2	15.9	−2.7
Ontario	15.9	11.8	4.1
Manitoba	2.3	2.4	−0.1
Saskatchewan	2.6	3.0	−0.4
Alberta	3.5	3.5	.....
British Columbia	4.1	4.3	−0.2
Northwest and Yukon Territories	0.1	0.1	.....
	46.0	45.9	0.1

Hospital insurance and diagnostic services

The Hospital Insurance and Diagnostic Services Act, Statutes of 1957, authorized contributions by Canada in respect of programmes administered by the provinces, providing hospital insurance and laboratory and other services in aid of diagnosis. Payments for 1959–60 are estimated at $150 million compared with $55 million in 1958–59. The increase of $95 million was due mainly to the fact that during the previous fiscal year no province had participated in the plan for a full year whereas in 1959–60 seven provinces had participated for a full year and two provinces for a partial year. The effective date of each agreement is as follows:—July 1, 1958 for Newfoundland, Manitoba, Saskatchewan, Alberta and British Columbia; January 1, 1959 for Nova Scotia and Ontario; July 1, 1959 for New Brunswick; and October 1, 1959 for Prince Edward Island.

TABLE 25

(in millions of dollars)

Hospital Insurance and Diagnostic Services	Fiscal year ended March 31		Increase
	1960 (estimated)	1959	
Newfoundland	4.7	2.9	1.8
Nova Scotia	8.1	1.6	6.5
Prince Edward Island	0.4	.....	0.4
New Brunswick	4.4	.....	4.4
Ontario	71.0	13.1	57.9
Manitoba	12.0	7.1	4.9
Saskatchewan	13.5	8.4	5.1
Alberta	15.6	8.8	6.8
British Columbia	20.1	12.8	7.3
	149.8	54.7	95.1

Family allowances

Family allowances are payable in respect of all children under sixteen resident in Canada, with minor exceptions such as in the case of children of immigrants who must reside in Canada a year before an allowance is payable.

The monthly allowance is $6 if the child is under 10 years and $8 in the age group 10 to 15. Children of immigrants receive family assistance of $5 per month during their first year of residence in Canada from the Department of Citizenship and Immigration if during that period they are under sixteen years of age.

Family allowance payments in 1959–60 amounted to $491 million and represented 9 per cent of total expenditures. The increase of $17 million over the previous year reflected the increase in the number of children in the eligible age groups.

TABLE 26

(in millions of dollars)

Family Allowance Payments	Fiscal year ended March 31		Increase
	1960 (estimated)	1959	
Newfoundland	15.6	15.2	0.4
Nova Scotia	20.9	20.5	0.4
Prince Edward Island	3.1	3.0	0.1
New Brunswick	18.6	18.2	0.4
Quebec	150.6	146.3	4.3
Ontario	156.7	150.2	6.5
Manitoba	23.7	23.1	0.6
Saskatchewan	25.3	24.8	0.5
Alberta	35.7	34.1	1.6
British Columbia	40.0	38.4	1.6
Northwest and Yukon Territories	1.1	1.0	0.1
	491.3	474.8	16.5

Temporary loans to the old age security fund

In 1959–60 payments of $574 million out of the fund exceeded receipts of $550 million resulting in a deficit of $24 million which was covered by temporary loans by the Minister of Finance. In the budget speech of April 9, 1959 the Minister stated that since provision was being made for the necessary revenues (by increases in the old age security tax rates) to bring the fund into balance over the next two or three years he did not propose to treat the 1959–60 deficit as a budgetary charge in that year but to carry it forward into 1960–61.

Old age assistance, disabled persons allowances, blind persons allowances and unemployment assistance

Under the Old Age Assistance Act, the federal government reimburses the provinces by paying 50 per cent of the lesser of $55 monthly or the amount of assistance given by the provinces in the form of monthly pensions to eligible persons in need who are in the age group 65 to 69. (Under the Old Age Security Act, all persons 70 years and over who satisfy the residence requirements of the Act may receive a pension of $55 per month from the federal government out of the old age security fund.) Similarly, the federal government reimburses the provinces under the Blind Persons Act for allowances of not more than $55 per month to blind persons in need 18 years of age or over by paying 75 per cent of the total payments, and under the Disabled Persons Act by paying 50 per cent of not more than $55 per month for allowances to disabled persons in need 18 years of age or over. In 1959–60 payments of $30 million for old age assistance and $4 million for blind persons allowances were approximately the same as in 1958–59 while payments of $16 million in respect of disabled persons allowances were $1 million higher than in 1958–59.

Under the Unemployment Assistance Act the federal government contributes up to 50 per cent of the cost of unemployment assistance paid by the provinces, subject to certain deductions as set out in the Act. All provinces have now signed agreements with the federal government. There was an increase of $12 million in these contributions over those for the previous year.

TABLE 27
(in millions of dollars)

Federal Share of Old Age Assistance, Disabled Persons Allowances, Blind Persons Allowances and Unemployment Assistance	Fiscal year ended March 31, 1960 (estimated)			
	Old age assistance	Disabled persons allowances	Blind persons allowances	Unemployment assistance
Newfoundland	1.7	0.3	0.2	3.5
Nova Scotia	1.6	0.7	0.4	0.7
Prince Edward Island	0.2	0.2	(1)	0.1
New Brunswick	1.8	0.6	0.4	0.3
Quebec	10.7	8.8	1.5	7.3
Ontario	6.8	3.7	0.9	12.7
Manitoba	1.6	0.4	0.2	2.4
Saskatchewan	1.8	0.4	0.2	1.8
Alberta	1.9	0.5	0.2	2.0
British Columbia	2.3	0.5	0.2	5.3
Northwest and Yukon Territories	0.1	(1)	(1)	(1)
	30.5	16.1	4.2	36.1

(1) Less than $50,000.

National Research Council

Expenditures of the National Research Council amounted to $31 million in 1959–60, $6 million higher than for 1958–59. Increases of $2 million in scholarships and grants in aid of research, $2 million in construction or acquisition of buildings, works, land and equipment, and $1 million in salaries and operating expenses were the main factors in this increase.

In addition, under the Queen Elizabeth II Canadian Research Fund Act, 1959, an amount of $1 million was paid to The Queen Elizabeth II Canadian Fund to aid in Research on the Diseases of Children.

National Revenue

Expenditures of the Department of National Revenue were $69 million in 1959-60, approximately the same as in 1958–59.

TABLE 28
(in millions of dollars)

National Revenue	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Customs and excise divisions	37.3	37.0	0.3
Taxation division	31.7	31.6	0.1
Income tax appeal board	0.2	0.2	.....
	69.2	68.8	0.4

Northern Affairs and National Resources

Expenditures of the Department of Northern Affairs and National Resources in the fiscal year 1959–60 were $81 million, an increase of $16 million over the total for 1958–59.

The Budget—Appendix

The main increases in expenditures of this department were in the northern administration and lands branch and in the national parks branch. The increase of $12 million in the northern administration and lands branch was due mainly to increases of $7 million in contributions to the provinces to assist in the development of roads leading to resources, $3 million in operation and maintenance in the Northwest Territories and $2 million for construction in the Yukon Territory. Outlays for the national parks branch increased by $3 million due to higher expenditures for the national parks and historic sites services.

TABLE 29

(in millions of dollars)

Northern Affairs and National Resources	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
National parks branch	26.0	22.9	3.1
Water resources branch	2.3	2.4	−0.1
Northern administration and lands branch	39.5	27.3	12.2
Forestry branch	6.8	7.3	−0.5
Canadian government travel bureau	2.3	2.2	0.1
Administration and general	4.5	3.1	1.4
	81.4	65.2	16.2

Post Office

Gross expenditures of the Post Office Department for 1959–60 were $194 million, an increase of $10 million over the 1958–59 outlay of $184 million.

Remuneration of postmasters and staffs at revenue and semi-staff offices, commissions at sub-offices and certain other authorized disbursements are paid from revenue. These payments, included in the total of $194 million, amounted to $26 million in 1959–60, approximately the same as for 1958–59.

TABLE 30

(in millions of dollars)

Post Office	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Charged to budgetary expenditure—			
Operations—salaries and other expenses of staff post offices, district offices and railway mail services; and supplies and equipment and other items for revenue post offices	102.9	97.2	5.7
Transportation—movement of mail by land, air and water	60.1	56.1	4.0
Financial services	2.8	2.8	.....
Administration and general	1.8	1.7	0.1
	167.6	*157.8*	*9.8*
Charged to revenue—			
Operations—salaries of postmasters and staffs at revenue and semi-staff offices, commissions paid at sub-offices and other disbursements	26.4	25.8	0.6
	194.0	183.6	10.4

Public Works

Expenditures of the Department of Public Works for 1959–60 amounted to $215 million, compared with $226 million for 1958–59, a decrease of $11 million.

Increases of $4 million in development engineering services and $1 million in outlays for the National Capital Commission were more than offset by decreases of $15 million in public buildings—construction and services and $3 million in payments to Central Mortgage and Housing Corporation in respect of defence housing administration, housing research and slum clearance, and reimbursement of losses sustained as a result of the operation of Federal-Provincial housing projects.

Outlays for the National Capital Commission were shown in previous years with Privy Council expenditures. For purposes of comparison the 1958–59 costs have been included with Public Works expenditures in the following table.

TABLE 31
(in millions of dollars)

Public Works	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Public buildings—construction and services—			
Acquisition, construction and improvements of public buildings—			
Ottawa	16.0	22.4	−6.4
Other centres in Canada	27.8	37.5	−9.7
Outside Canada	0.4	.....	0.4
Maintenance and operation	42.1	41.3	0.8
Furniture and furnishings	2.5	2.2	0.3
Fire prevention	0.2	0.2	.....
	89.0	*103.6*	*−14.6*
Harbours and rivers engineering services—			
Acquisition, construction and improvements of harbour and river works	30.8	31.1	−0.3
Dredging	4.3	3.9	0.4
General	0.8	1.3	−0.5
	35.9	*36.3*	*−0.4*
Development engineering services—			
Trans-Canada Highway division—			
Contributions to the provinces under the terms of the Trans-Canada Highway Act	52.0	51.1	0.9
Trans-Canada Highway through national parks	12.0	9.9	2.1
General	3.3	1.9	1.4
	67.3	*62.9*	*4.4*
Housing	2.1	5.2	−3.1
National Capital Commission[1]	6.3	4.9	1.4
Administration and general	14.6	13.2	1.4
	215.2	226.1	−10.9

[1] Formerly reported under Privy Council expenditures.

Expenditures for "Public buildings—construction and services" declined by $15 million during 1959–60 due mainly to reductions in outlays for the acquisition, construction and improvement of public buildings of $6 million in Ottawa and $10 million in other centres in Canada partly offset by $1 million in maintenance and operation costs.

The increase of $4 million in the expenditures of the development engineering services was due mainly to increases of $1 million in contributions to the provinces under the terms of the Trans-Canada Highway Act, $2 million in increased expenditures in connection with the Trans-Canada Highway through national parks and $1 million in general services.

Royal Canadian Mounted Police

Expenditures for the Royal Canadian Mounted Police amounted to $53 million for 1959–60, $2 million more than the total spent in 1958–59.

Payments as shown in the table represent gross expenditures; payments received from the provinces and municipalities for police services amounting to $10 million were credited to revenue.

Increased expenditures of $5 million for the land, air and training divisions were offset partially by decreases of $3 million in headquarters administration and national police services and smaller decreases in marine services and the government contribution to the Royal Canadian Mounted Police pension account.

TABLE 32

(in millions of dollars)

Royal Canadian Mounted Police	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Land, air and training divisions	40.7	36.1	4.6
Marine services	2.1	2.6	−0.5
Government contribution to the Royal Canadian Mounted Police pension account	1.4	1.6	−0.2
Pensions and other benefits	2.9	2.7	0.2
Headquarters administration and national police services	6.2	8.7	−2.5
	53.3	51.7	1.6

Trade and Commerce

Expenditures of the Department of Trade and Commerce totalled $67 million for 1959–60, an increase of $2 million over the previous year.

The main item responsible for this increase was the $4 million increase in payments of carrying costs of temporary wheat reserves, partially offset by the fact that there was no comparable charge in 1959–60 to the $2 million expenditure in 1958–59 to the Canadian Wheat Board on account of the loss on oats for the crop year 1956–57.

TABLE 33

(in millions of dollars)

Trade and Commerce	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Assistance re storage costs of grain	42.3	38.4	3.9
Board of Grain Commissioners (Canada Grain Act)	6.1	6.2	−0.1
Canadian Wheat Board—loss re oats	.....	2.1	−2.1
Dominion Bureau of Statistics	8.5	8.2	0.3
National Energy Board	0.2	.....	0.2
Standards branch	2.4	2.2	0.2
Trade commissioner service	3.6	3.5	0.1
Administration and general	4.3	5.0	−0.7
	67.4	65.6	1.8

Transport

Expenditures of the Department of Transport for 1959–60 amounted to $298 million, an increase of $9 million over the total of $289 million in 1958-59.

TABLE 34
(in millions of dollars)

Transport	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Air services—			
Civil aviation branch	74.1	74.7	−0.6
Meteorological branch	13.5	11.8	1.7
Telecommunications branch	30.0	25.7	4.3
Administration	4.1	3.2	0.9
	121.7	*115.4*	*6.3*
Canal services	7.1	9.7	−2.6
Marine services	54.6	51.8	2.8
Railway and steamship services—			
Maritime Freight Rates Act—			
Difference between tariff and normal tolls	14.3	13.1	1.2
Freight Rate Reduction Act	9.2	.....	9.2
Construction and acquisition of auto-ferries	2.4	0.2	2.2
Other	1.4	1.6	−0.2
	27.3	*14.9*	*12.4*
Board of Transport Commissioners—			
Maintenance of trackage	7.0	7.0	.....
Railway grade crossing fund	15.0	15.0	.....
Administration and general	1.2	1.1	0.1
	23.2	*23.1*	*0.1*
Canadian Maritime Commission	6.8	5.9	0.9
Crown Corporations—			
Deficits—			
Canadian National Railways	43.6	51.6	−8.0
Other	8.6	9.2	−0.6
Non-active advances—National Harbours Board	2.1	4.3	−2.2
	54.3	*65.1*	*−10.8*
Administration and general	3.4	2.9	0.5
	298.4	288.8	9.6

Outlays for air services increased by $6 million during 1959–60 attributable primarily to expanded services for aviation and include increases of $4 million in expenditures of the telecommunications branch and $2 million in increased costs of the meteorological branch.

Canal services expenditures decreased by $3 million during the year due mainly to the transfer of the Welland Canal to The St. Lawrence Seaway Authority, and to elimination in full or in part of canals due to the opening of the Seaway. Outlays for marine services increased by $3 million due to expanded northern supply operations.

Expenditures of railway and steamship services increased by $12 million due mainly to payments of $9 million under the Freight Rate Reduction Act for which there was no comparable charge in 1958–59 and increases of $2 million in expenditure towards construction and acquisition of auto-ferries and $1 million in payments under the Maritime Freight Rates Act.

The payment in respect of the Canadian National Railways deficit for 1959 was $8 million less than the comparable figure for 1958, and the non-active advances to the National Harbours Board were $2 million less than in the previous fiscal year.

Veterans Affairs

Expenditures of the Department of Veterans Affairs amounted to $290 million in 1959–60, an increase of $1 million over the 1958–59 total of $289 million.

An increase of $3 million in war veterans allowances and other benefits was offset partially by decreases of $1 million in pensions for disability or death and $1 million in expenditures in respect of the Soldier Settlement and Veterans Land Acts.

TABLE 35
(in millions of dollars)

Veterans Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Pensions for disability or death	149.6	150.7	−1.1
Treatment and welfare services	58.8	59.4	−0.6
War veterans allowances and other benefits	63.4	60.4	3.0
War services gratuities and re-establishment credits	2.8	2.2	0.6
Soldier Settlement and Veterans Land Acts—			
Administration and general	5.2	5.4	−0.2
Provision for reserve for conditional benefits, Veterans Land Act	3.8	4.4	−0.6
Departmental, district and pensions administration and miscellaneous payments	6.4	6.3	0.1
	290.0	288.8	1.2

All other departments

Expenditures of the departments not dealt with in preceding sections amounted to $30 million, a decrease of $1 million from the 1958-59 total.

The most significant change in the expenditures of these departments was the reduction of nearly $3 million in the expenses of the Office of the Chief Electoral Officer due to the 1958–59 figure having included part of the costs of the last federal election. However, this decrease was offset partly by increases in expenditures of other departments.

TABLE 36
(in millions of dollars)

All Other Departments	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Auditor General	0.9	0.8	0.1
Board of Broadcast Governors	0.2	0.1	0.1
Chief Electoral Officer	0.3	3.2	−2.9
Civil Service Commission	3.6	3.5	0.1
Governor General and Lieutenant-Governors	0.4	0.4	.....
Insurance	1.3	1.2	0.1
Legislation	7.8	7.6	0.2
National Film Board	4.6	4.3	0.3
National Gallery of Canada	0.8	0.6	0.2
Privy Council	(1) 1.4	1.1	0.3
Public Archives and National Library	0.7	0.7	.....
Public Printing and Stationery	3.5	3.5	.....
Secretary of State	4.7	4.4	0.3
	30.2	31.4	−1.2

(1) Does not include $1.2 million in respect of civil defence.

4. SUMMARY OF ASSETS AND LIABILITIES OF CANADA AS AT MARCH 31, 1960

The balances of the asset and liability accounts at March 31, 1960, the comparable balances at March 31, 1959, and the changes in each category during 1959–60 are shown in the following table:

TABLE 37

SUMMARY OF ASSETS AND LIABILITIES OF CANADA

(in millions of dollars)

—	Balance at March 31		Increase or decrease (−)
	1960 (estimated)	1959	
LIABILITIES			
Current and demand liabilities	1,139.2	952.5	186.7
Deposit and trust accounts	214.1	237.9	−23.8
Annuity, insurance and pension accounts	3,569.1	3,301.9	267.2
Undisbursed balances of appropriations to special accounts	89.7	83.4	6.3
Deferred credits	89.1	81.4	7.7
Suspense accounts	8.5	18.7	−10.2
Unmatured debt	15,886.8	15,574.1	312.7
Total liabilities	20,996.5	20,249.9	746.6
ASSETS			
Current assets	854.5	910.9	−56.4
Advances to exchange fund account	1,964.0	1,995.0	−31.0
Sinking fund and other investments held for retirement of unmatured debt	84.3	83.2	1.1
Loans to, and investments in, Crown corporations	3,471.6	3,271.1	200.5
Loans to national governments	1,414.4	1,449.0	−34.6
Other loans and investments	939.0	683.1	255.9
Securities held in trust	19.3	20.7	−1.4
Deferred charges	153.1	147.4	5.7
Unamortized portion of actuarial deficiencies—			
Permanent services pension account	326.3	326.3	.....
Superannuation account	139.0	139.0	.....
Suspense accounts	2.0	(1)	2.0
Capital assets	(2)	(2)	.....
Inactive loans and investments	93.5	92.2	1.3
Total assets	9,461.0	9,117.9	343.1
Less reserve for losses on realization of assets	−546.4	−546.4	.....
Net assets	8,914.6	8,571.5	343.1
Net debt (excess of liabilities over net assets)	12,081.9	11,678.4	(3)403.5

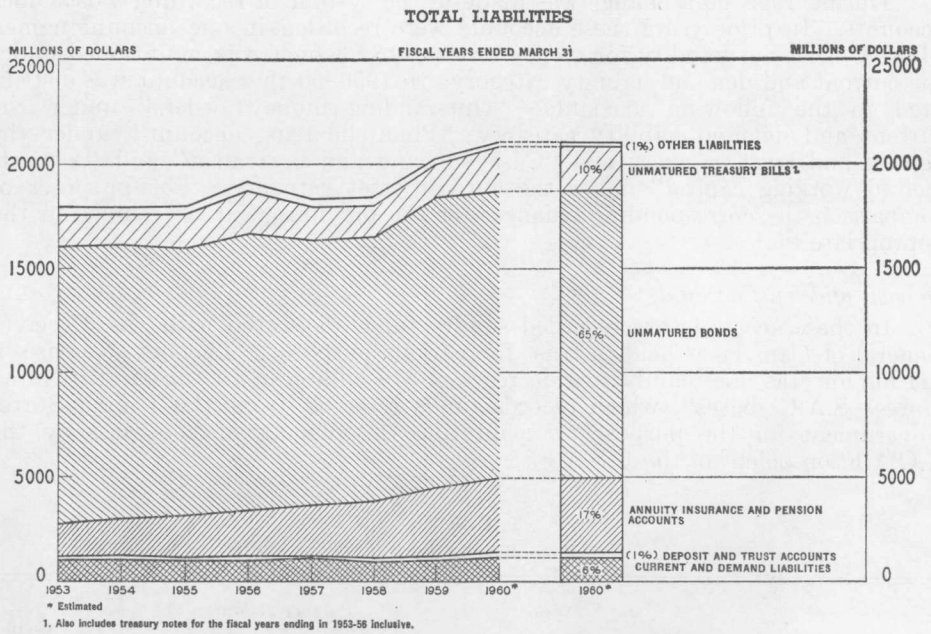
(1) Less than $50,000.

(2) Shown at nominal value of $1.

(3) Reflecting the budgetary deficit of $406 million less an adjustment of $2 million in respect of prior years' transactions.

A. CHANGES IN PRINCIPAL LIABILITY CLASSIFICATIONS DURING 1959-60

The gross liabilities of the government increased by $747 million during the fiscal year. The main changes were increases of $313 million in unmatured debt, $267 million in annuity, insurance and pension accounts and $187 million in current and demand liabilities.



Current and demand liabilities

This category consists of obligations of the government payable currently or on demand. The principal changes were increases of $176 million in non-interest bearing notes, $11 million in accounts payable, $14 million in interest due and outstanding and $16 million in interest accrued and decreases of $7 million in matured debt and $2 million in outstanding money orders.

The increase of $176 million in non-interest bearing notes was due to the increase in Canada's quota to the international monetary fund in October 1959. A more detailed explanation will be found under the asset category "Other loans and investments".

Accounts payable are those payments made in April in accordance with section 35 of the Financial Administration Act but which are applicable to the previous fiscal year.

TABLE 38
(in millions of dollars)

Current and Demand Liabilities	Balance at March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Outstanding treasury cheques	227.3	247.3	−20.0
Accounts payable	267.0	256.4	10.6
Non-interest bearing notes payable to the international monetary fund and the international bank for reconstruction and development	381.8	205.8	176.0
Matured debt outstanding	22.0	28.7	−6.7
Interest due and outstanding	70.2	56.2	14.0
Interest accrued	140.4	124.9	15.5
Post office—outstanding money orders	30.0	32.4	−2.4
Other current liabilities	0.5	0.8	−0.3
	1,139.2	952.5	186.7

During 1959–60 a change was made in the system of recording Post Office accounts. In prior years these accounts were recorded in one account named "Post Office—net liability for money orders, etc." which was maintained under the current and demand liability category. In 1959–60 this account was distributed to the following accounts:—"Outstanding money orders" under the current and demand liability category, "Philatelic trust account" under the deposit and trust category and "Cash on hand and in transit" and "Departmental working capital" under the current asset category. For purposes of comparison the corresponding balances for the previous year are shown in the appropriate tables.

Deposit and trust accounts

In these accounts are recorded sundry funds deposited with the Receiver General of Canada or held in trust for various purposes. The net decrease of $24 million was due mainly to a decrease of $18 million in the account "United States—S.A.C. bases", which records funds received from the United States Government for the purpose of facilitating the placing of contracts by the R.C.A.F. on behalf of the U.S.A.F.

TABLE 39

(in millions of dollars)

Deposit and Trust Accounts	Balance at March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Army benevolent fund	6.9	7.2	− 0.3
Canadian Pension Commission—administration trust fund	10.3	9.1	1.2
Contractors holdbacks	18.2	18.2	.....
Contractors securities—sundry departments—			
Cash	18.0	19.9	− 1.9
Bonds	11.5	11.8	− 0.3
Certified cheques	1.5	1.8	− 0.3
	31.0	*33.5*	*− 2.5*
Crown corporation deposits	9.2	9.2	.....
Emergency gold mining assistance—holdbacks	2.5	1.9	0.6
Indian trust funds	29.0	28.6	0.4
Korean operations pool	6.8	7.4	− 0.6
National Harbours Board—special accounts	3.2	6.2	− 3 0
Post office savings bank	31.8	34.1	− 2.3
Soldier settlement and veterans land act trust account—general	3.0	2.8	0.2
United States—S.A.C. bases	23.9	42.2	−18.3
War claims fund—world war 2	5.0	5.0	.....
Instalment purchase of bonds, public service	9.7	10.7	− 1.0
Other	23.6	21.8	1.8
	214.1	237.9	−23.8

Annuity, insurance and pension accounts

This category records the amounts to the credit of the various annuity, insurance and pension accounts.

There was a net decrease in the unemployment insurance fund during the year of $126 million. The balance at March 31, 1960 was $384 million compared with $510 million at March 31, 1959. Benefit payments were $409 million and receipts were $283 million consisting of contributions by employers and employees of $227 million, government contributions of $46 million and income from investments of $10 million. Benefit payments were $70 million lower than the $479 million paid out in 1958–59.

TABLE 40

(in millions of dollars)

Annuity, Insurance and Pension Accounts	Balance at March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Unemployment insurance fund	383.8	509.9	−126.1
Less investment in bonds and accrued interest	−363.8	−488.9	125.1
	20.0	21.0	−1.0
Government annuities	1,157.5	1,105.8	51.7
Superannuation account	1,229.9	1,136.0	93.9
Permanent services pension account	1,056.2	942.3	113.9
Other	105.5	96.8	8.7
	3,569.1	3,301.9	267.2

The government annuities account increased by $52 million reflecting the amount by which premium receipts of $57 million, interest credited to the account by the government of $43 million and a small amount required to maintain the reserve exceeded payments of $48 million to annuitants and beneficiaries.

The increase of $94 million in the superannuation account was due mainly to the government's contribution of $40 million equal to the estimated current and prior service payments of individuals in 1958–59 and $47 million interest credited to the account. The remainder of the increase was due to the excess of employees' current and prior service contributions of $40 million and miscellaneous receipts of $1 million over benefit payments of $34 million.

The permanent services pension account increased by $114 million. The increase reflected the government's contribution of $52 million which is made at the rate of one and two-thirds times the current and prior service contributions, interest on the account of $40 million, and contributions of $32 million by permanent services personnel for current and prior years service less payments of $10 million from the account.

Old age security fund

Under the Old Age Security Act pensions of $55 per month are paid, without a means test, from the old age security fund to all eligible persons seventy years of age and over. Payments from the fund during the fiscal year were $574 million while credits to the fund from the tax on personal incomes (maximum tax $90), the tax on corporation profits and the sales tax totalled $550 million. Temporary loans amounting to $24 million were required to cover the deficit resulting from these transactions during 1959–60.

In 1958–59 payments were $559 million, receipts were $375 million and the deficit in the fund covered by temporary loans of $184 million was charged to 1958–59 budgetary expenditure by authority of parliament.

The increase of $175 million in 1959–60 in receipts from the old age security taxes was due to the increases in the rates announced in last year's budget speech. These were: an increase from 2 per cent to 3 per cent in the tax on personal incomes with a maximum contribution of $90 (previously $60) effective July 1, 1959; an increase from 2 per cent to 3 per cent in the tax on corporate incomes effective January 1, 1959; and an increase from 2 per cent to 3 per cent in the tax on sales effective April 10, 1959.

TABLE 41

(in millions of dollars)

Old Age Security Fund	Fiscal year ended March 31				
	1956	1957	1958	1959	1960 (estimated)
Tax receipts—					
Sales tax	160.4	179.3	175.8	173.6	273.0
Personal income tax	102.5	125.0	135.0	146.4	185.6
Corporation income tax	53.3	67.3	60.7	55.3	91.3
Total tax receipts	316.2	371.6	371.5	375.3	549.9
Pension payments	−366.2	−379.1	−473.9	−559.3	−574.0
Excess of payments over receipts	−50.0	−7.5	−102.4	−184.0	−24.1
Previous deficit brought forward	−63.3	−50.0	−1.5	.....	.....
Appropriation by Parliament—					
Charged to budgetary expenditure	63.3	56.0	103.9	184.0	.....
Temporary loan from the Minister of Finance to cover deficit in fund	50.0	1.5	.....	.....	24.1

TABLE 42

(in millions of dollars)

Old Age Security Payments	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Newfoundland	11.2	11.0	0.2
Nova Scotia	27.0	26.8	0.2
Prince Edward Island	4.8	4.8	.....
New Brunswick	19.9	19.6	0.3
Quebec	120.0	117.0	3.0
Ontario	208.2	203.3	4.9
Manitoba	35.1	34.0	1.1
Saskatchewan	36.0	35.1	0.9
Alberta	38.2	36.5	1.7
British Columbia	73.2	70.8	2.4
Northwest and Yukon Territories	0.4	0.4	.....
	574.0	559.3	14.7

Undisbursed balances of appropriations to special accounts

This category records the undisbursed balances of appropriations to special accounts for which moneys have been appropriated by parliament and from which disbursements may be made for authorized purposes in periods subsequent to that in which the appropriation was made.

The increase of $5 million in the railway grade crossing fund represented the amount by which the $15 million credited to the fund and charged to budgetary expenditure exceeded disbursements from the fund.

In 1959–60 an amount of $50 million was credited to the Colombo plan fund and charged to budgetary expenditure but as disbursements were approximately the same there was no significant change in the balance at March 31, 1960 from the balance at March 31, 1959.

The balance in the national capital fund was $2 million at March 31, 1960 compared with $1 million at March 31, 1959. The increase represented the amount by which the $4 million credited to the fund and charged to budgetary expenditure exceeded disbursements of $3 million.

TABLE 43
(in millions of dollars)

Undisbursed Balances of Appropriations to Special Accounts	Balance at March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Colombo plan fund	60.1	59.9	0.2
National capital fund	1.9	0.9	1.0
Railway grade crossing fund	27.6	22.5	5.1
Other	0.1	0.1	.....
	89.7	83.4	6.3

Deferred credits

This category records the amounts of deferred interest on loans and advances to certain Crown corporations and national governments and other deferred payments due the government. These are contra accounts to corresponding items under "Cash—in blocked currencies", "Loans to, and investments in, Crown corporations ", "Loans to national governments" and "Other loans and investments". Further explanations are given under these categories.

TABLE 44
(in millions of dollars)

Deferred Credits	Balance at March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Agreements of sale of Crown assets	13.6	16.4	−2.8
Crown Assets Disposal Corporation	5.8	6.2	−0.4
Deferred interest—			
The St. Lawrence Seaway Authority	24.4	12.8	11.6
United Kingdom Financial Agreement Act, 1946	44.2	44.2	.....
Other	1.1	1.8	−0.7
	89.1	81.4	7.7

Balances receivable under agreements of sale of Crown assets are set up as contra accounts to corresponding items under "Other loans and investments". The net decrease of $3 million during the year was due to the receipt of payments on outstanding agreements having exceeded the total amount of new agreements set up in the account.

The increase of $12 million in deferred interest in respect of The St. Lawrence Seaway Authority represented interest due to the government during 1959–60 on outstanding loans to the corporation.

Suspense accounts

These accounts consist of balances where some uncertainty as to disposition exists.

The "Paylist deductions" account consists of deductions for Canada savings bonds, income tax, etc., which are credited to this account pending transmittal to the Department of Finance or to the department concerned.

The "Replacement of materiel" account established by section 11 of the National Defence Act is credited with amounts realized from the sale of materiel that has not been declared surplus to requirements but has been authorized by the Governor in Council to be sold to other countries. The account is debited

with disbursements representing amounts paid for the procurement of replacement materiel. During 1959–60 disbursements exceeded credits to the account by $10 million.

TABLE 45
(in millions of dollars)

Suspense Accounts	Balance at March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Paylist deductions	0.2	0.1	0.1
Replacement of materiel, sec. 11, National Defence Act	3.7	13.9	−10.2
Unclaimed cheques	1.5	1.5	.....
Other	3.1	3.2	−0.1
	8.5	18.7	−10.2

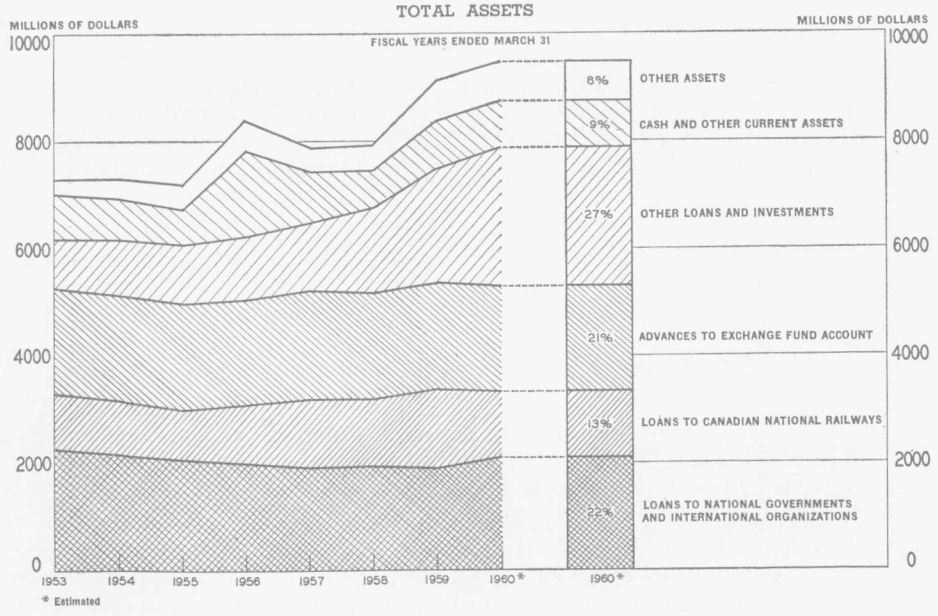
Unmatured debt

The unmatured debt of Canada at the close of 1959–60 amounted to $15,887 million compared with $15,574 million at the close of the previous fiscal year. Debt payable in Canada increased by $313 million. There was no change in debt payable in London and New York.

In the year under review, unmatured debt obligations payable in foreign currencies have been stated in Canadian dollars converted at the rate of $2.80 for the pound sterling and par for the U.S. dollar.

B. Changes In Principal Asset Classifications During 1959–60

The total of assets increased during 1959–60 by $343 million. The principal changes were increases of $201 million in loans to Crown corporations and $256 million in other loans and investments and decreases of $56 million in current assets, $35 million in loans to national governments and $31 million in advances to the exchange fund.



Current assets

There was a decrease of $56 million in this category during the fiscal year, due to decreases of $76 million in cash and $22 million in the securities investment account which were partly offset by increases of $39 million in departmental working capital advances and revolving funds and $3 million in moneys received after March 31.

TABLE 46

(in millions of dollars)

Current Assets	Balance at March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Cash in current and special deposits	397.8	473.5	−75.7
Post office—cash on hand and in transit	2.8	2.8	.....
Cash in hands of collectors and in transit	167.0	167.0	.....
Departmental working capital advances and revolving funds—			
Agricultural commodities stabilization account	116.4	67.1	49.3
Defence production revolving fund	20.0	30.2	−10.2
Miscellaneous departmental imprest and advance accounts	22.5	22.5	.....
Other	31.7	32.3	−0.6
	190.6	*152.1*	*38.5*
Securities investment account	76.3	98.0	−21.7
Other current assets—moneys received after March 31 but applicable to the current year	20.0	17.5	2.5
	854.5	910.9	−56.4

Cash in current and special deposits decreased by $76 million and moneys received after March 31, 1960 is estimated to increase by $3 million.

"Post Office—cash on hand and in transit" is a new account set up in 1959–60. For purposes of comparison the 1958–59 balance has been recorded in the above table. The balance was previously included in the current and demand liability account "Post Office—net liability for money orders, etc.".

The increase of $39 million in working capital advances and revolving funds was due to an increase of $49 million in the agricultural commodities stabilization account partly offset by a decrease of $10 million in the defence production revolving fund.

Advances to the exchange fund

Advances during the year to the exchange fund account to finance the purchase of gold and foreign exchange amounted to $119 million and repayments were $150 million, reducing outstanding advances to $1,964 million at March 31, 1960.

Sinking fund and other investments held for retirement of unmatured debt

There was an increase of $1 million in this category during the fiscal year bringing the balance to $84 million at March 31, 1960.

Loans to, and investments in, Crown corporations

These loans and investments increased by $201 million during 1959–60 bringing the balance in this category to $3,472 million at March 31, 1960.

TABLE 47
(in millions of dollars)

Loans to, and Investments in, Crown Corporations	Balance at March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Atomic Energy of Canada Limited	60.9	58.8	2.1
Bank of Canada	5.9	5.9	.....
Canadian Arsenals Limited	7.5	7.5	.....
Canadian Commercial Corporation	6.0	4.0	2.0
Canadian National Railways	1,210.2	1,465.7	−255.5
Canadian National (West Indies) Steamships Limited	1.6	2.8	−1.2
Canadian Overseas Telecommunication Corporation	21.7	13.0	8.7
Central Mortgage and Housing Corporation	1,328.6	1,003.6	325.0
Eldorado Mining and Refining Limited	8.2	8.2	.....
Export Credits Insurance Corporation	10.0	10.0	.....
Farm Credit Corporation[1]	117.0	87.2	29.8
National Capital Commission	17.8	7.1	10.7
National Harbours Board	161.6	145.6	16.0
Northern Canada Power Commission	43.1	21.7	21.4
Northern Ontario Pipe Line Crown Corporation	121.5	113.5	8.0
Polymer Corporation Limited	30.0	30.0	.....
The St. Lawrence Seaway Authority—			
Loans	293.0	270.0	23.0
Deferred interest	24.4	12.8	11.6
Trans-Canada Air Lines	1.4	2.5	−1.1
Other Crown Corporations	1.2	1.2	.....
	3,471.6	3,271.1	200.5

[1] Formerly the Canadian Farm Loan Board.

Advances to Atomic Energy of Canada Limited, to be covered by obligations or shares of the company, amounted to $2 million during the year.

Loans to the Farm Credit Corporation (formerly the Canadian Farm Loan Board) amounted to $31 million during the year while repayments by the board were $1 million bringing the total advances to $117 million at March 31, 1960.

Loans to Central Mortgage and Housing Corporation during the year amounted to $360 million, of which $351 million was for direct loans by the corporation and $9 million for federal-provincial housing projects. Repayments totalled $35 million of which $32 million was in respect of direct loans, $2 million in respect of loans for federal-provincial housing projects and $1 million in respect of loans for house construction. The net increase for the year of $325 million brought the total loans to the corporation to $1,329 million at March 31, 1960.

Loans to the Northern Ontario Pipe Line Crown Corporation in connection with the construction of the Northern Ontario section of the all-Canadian natural gas pipe line totalled $8 million in 1959–60.

Advances to The St. Lawrence Seaway Authority amounted to $23 million bringing the total loans to $293 million. In addition deferred interest on these loans was increased by $12 million being the amount of interest due on December 31, 1959. A contra item for this amount is included in the liability category "Deferred credits".

In the fiscal year ended March 31, 1960, the government advanced to the Canadian National Railway Company the sum of $167 million for capital purposes and retirement of debt in the hands of the public. Of this amount $6 million was advanced for the Company's Purchase Fund which is operated under the terms of Canadian National Railway Company bonds, guaranteed by the Government of Canada, issued on May 15, 1959, December 15, 1959 and January 1, 1960. During the year ended March 31, 1960, repayment of current and prior years' advances totalled $446 million (of which $441 million was made available through the sale of $450 million of the above-mentioned bonds).

In addition, to assist the Company to finance further capital expenditure during the fiscal year, the government purchased $22 million of four per cent preferred stock of the Canadian National Railway Company. This stock is issued under the authority of the Canadian National Railways Capital Revision Act, 1952, in an amount equal to three per cent of the gross revenue of the Company.

Further, in the year which ends March 31, 1960, the government provided the Company with temporary loans of $30 million to cover in part the 1959 income deficit. This amount plus temporary loans totalling $14 million made on the same account in the year ended March 31, 1959, brought the total of the loans on account of the 1959 deficit to $44 million which was charged to budgetary expenditure in 1959–60.

In addition, temporary loans of $14 million were made in February 1960 to the Company in respect of its 1960 income deficit.

In summary, the total amount made available to the Company during the year was $233 million and repayments amounted to $489 million. The amount of advances to the Company outstanding at the end of the fiscal year was thus reduced by $256 million.

TABLE 48

(in millions of dollars)

Advances to, and Repayments by, The Canadian National Railways During the Fiscal Year 1959–60	Fiscal year ended March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Advances—			
For the refunding of debt	5.4	44.8	−39.4
For capital expenditures	156.1	152.1	4.0
For purchase fund	6.3	.....	6.3
For interim financing of income deficits	43.6	50.7	−7.1
	211.4	*247.6*	*−36.2*
Repayments—			
Advances for capital purposes	−445.6	−11.1	−434.5
Advances for interim financing of income deficits	−43.6	−56.1	12.5
	−489.2	*−67.2*	*−422.0*
Excess of advances over repayments or repayments over advances (−)	−277.8	180.4	−458.2
Purchase of 4 per cent preferred stock (C.N.R. Capital Revision Act, 1952)	22.3	21.3	1.0
Transfer of Northwest Communications facilities to C.N.R.	.....	0.3	−0.3
Net increase or decrease (−) during the fiscal year in the government's advances to, and investments in, the Canadian National Railways	−255.5	202.0	−457.5

At March 31, 1959, temporary loans of $2 million were outstanding to the Trans-Canada Air Lines in respect of its 1959 income deficit. During 1959–60 a further advance of $1 million was made. The total amount of $3 million was repaid during the year. In addition $1 million was advanced in respect of its 1960 income deficit.

Other changes included increases of $16 million in loans to the National Harbours Board, $21 million in advances to the Northern Canada Power Commission, $9 million in advances to the Canadian Overseas Telecommunication Corporation, $11 million in loans to the National Capital Commission, $2 million in advances to the Canadian Commercial Corporation and a decrease of $1 million in loans to the Canadian National (West Indies) Steamships Limited.

The Budget—Appendix

Loans to national governments

These loans totalled $1,414 million at March 31, 1960, a decrease of $35 million during the fiscal year.

TABLE 49

(in millions of dollars)

Loans to National Governments	Balance at March 31		Increase or decrease (—)
	1960 (estimated)	1959	
Loans to United Kingdom—			
The United Kingdom Financial Agreement Act, 1946	1,064.1	1,080.5	—16.4
Deferred interest	44.2	44.2	.....
	1,108.3	*1,124.7*	*—16.4*
Loans under the Export Credits Insurance Act, Part II—			
Belgium	39.2	41.5	—2.3
France	150.6	159.0	—8.4
Netherlands	78.0	82.6	—4.6
Norway	.....	2.6	—2.6
	267.8	*285.7*	*—17.9*
Miscellaneous loans and advances—			
France—interim credit—consolidated interest	1.5	1.6	—0.1
Special loans to finance the purchase of wheat and flour from Canada—			
Ceylon	1.5	1.5	.....
India	33.5	33.0	0.5
Netherlands—military relief and currency credits settlement	1.1	1.7	—0.6
Miscellaneous	0.7	0.8	—0.1
	38.3	*38.6*	*—0.3*
	1,414.4	1,449.0	—34.6

During the fiscal year the United Kingdom government repaid $16 million on the $1,185 million loan made under the $1,250 million credit authorized by the United Kingdom Financial Agreement Act, 1946, reducing the principal outstanding at March 31, 1960 to $1,064 million.

Repayments of advances under Part II of the Export Credits Insurance Act to certain foreign countries to assist them in purchasing goods and services in Canada amounted to $18 million during the year reducing the balance at March 31, 1960 to $268 million.

Miscellaneous loans and advances to foreign governments in the amount of $38 million at March 31, 1960 were approximately the same as at March 31, 1959.

Other loans and investments

There was an increase of $256 million in this category during the year bringing the balance to $939 million at March 31, 1960.

In October 1959, action was taken to implement an agreement whereby Canada's quota to the international monetary fund was increased from $300 million U.S. to $550 million U.S. The increase was equivalent to $240 million Canadian, of which $177 million was covered by non-interest bearing notes payable on demand, $3 million by a cash payment and the remainder by a transfer of gold to the fund. A contra entry for $177 million was made to the current liability account "Non-interest bearing notes payable on demand".

TABLE 50

(in millions of dollars)

Other Loans and Investments	Balance at March 31		Increase or decrease (−)
	1960 (estimated)	1959	
Subscriptions to capital of, working capital advances and loans to, international organizations—			
Canada's subscription to capital of—			
International monetary fund	528.9	293.3	235.6
International bank for reconstruction and development	70.9	70.9	.....
International finance corporation	3.5	3.5	.....
Working capital advances and loans to international organizations	2.0	2.2	−0.2
	605.3	*369.9*	*235.4*
Loans to provincial governments—			
Alberta	8.4	8.8	−0.4
British Columbia	16.3	17.1	−0.8
Manitoba	13.8	14.4	−0.6
New Brunswick	26.3	29.5	−3.2
Nova Scotia	0.1	0.1	.....
Prince Edward Island	0.1	0.1	.....
Saskatchewan	22.1	23.3	−1.2
	87.1	*93.3*	*−6.2*
Overpayments to provinces arising out of 1952 tax-rental agreements—			
Manitoba	0.4	0.6	−0.2
New Brunswick	0.4	0.6	−0.2
Newfoundland	0.2	0.3	−0.1
Prince Edward Island	0.5	0.7	−0.2
Saskatchewan	0.6	0.9	−0.3
	2.1	*3.1*	*−1.0*
Veterans Land Act advances	187.8	192.9	−5.1
Less reserve for conditional benefits—Veterans Land Act, 1942	−37.4	−41.9	4.5
	150.4	*151.0*	*−0.6*
Miscellaneous—			
Acquisition of land to control properties in the vicinity of main terminal airports	10.4	6.4	4.0
Assisted passage scheme (section 69, Immigration Act, R.S. 1952)	3.7	5.1	−1.4
Balances receivable under agreements of sale of Crown assets	16.0	19.1	−3.1
Construction of dock and rail facilities for Steep Rock Iron Mines Limited	1.9	2.1	−0.2
Crown Assets Disposal Corporation—			
Government equity in agency account	5.8	6.2	−0.4
Dominion Coal Company Limited	5.7	5.7	.....
Housing projects for Canadian forces	4.5	3.6	0.9
Municipal Improvements Assistance Act, 1938	1.8	2.1	−0.3
New Westminster Harbour Commission	2.4	2.4	.....
Old age security fund—temporary loans	24.1	.....	24.1
Town of Oromocto, New Brunswick	3.9	3.0	0.9
Town of Oromocto Development Corporation	1.0	0.5	0.5
Yukon Territory	2.4	2.4	.....
Northwest Territories	1.2	0.6	0.6
City of Montreal—			
St. Remi Tunnel	1.2	1.2	.....
Atwater Tunnel	2.0	.....	2.0
Other	6.1	5.4	0.7
	94.1	*65.8*	*28.3*
	939.0	683.1	255.9

The accounts of the fund are maintained in terms of United States dollars, therefore, in order to keep Canada's subscription at the required amount, that portion represented by Canadian dollar balances is revalued quarterly and any settlement required is made annually as at April 30, the end of the fund's fiscal year. Revaluation adjustments resulted in a credit of $4 million to Canada.

The net increase of $236 million in the account during the year was due to the increase of $240 million in respect of Canada's quota, partly offset by the revaluation adjustments of $4 million.

Loans to provincial governments were reduced by $6 million and overpayments to certain provinces arising out of the 1952 tax-rental agreements by $1 million during the year.

Advances under the Veterans Land Act decreased by $5 million. The reserve for conditional benefits under the Act decreased by $4 million and consequently the net decrease was $1 million.

Miscellaneous loans and investments increased by $28 million during the year. Included in this increase are temporary loans of $24 million made to the old age security fund by the Minister of Finance during 1959–60 to cover the 1959–60 deficit in the fund. In 1958–59 temporary loans to the fund were charged to budgetary expenditure in accordance with Vote 764 of Appropriation Act No. 3, 1959. However in the budget speech of April 9, 1959 the Minister stated, that, since provision was being made for the necessary revenues (by increases in the old age security tax rates) to bring the fund into balance over the next two or three years, he did not propose to treat the 1959–60 deficit as a budgetary charge in that year but to carry it forward into 1960–61.

Securities held in trust

This category records the security holdings of various liability accounts. There was a decrease in this account of $1 million, the balance at March 31, 1960, being $19 million.

Deferred charges

This category consists of the residual balance of discounts and commissions, redemption bonuses and conversion premiums on loan flotations that have not been amortized or written off to expenditures.

The balance in the account at March 31, 1960 of $153 million was $6 million more than the balance at March 31, 1959. Costs of new loans issued in 1959–60 and charged to the account were $59 million, of which $16 million was in respect of treasury bill discounts which will be charged to interest on public debt in 1960–61. Credited to the account was $53 million of which $46 million was charged to annual amortization costs and $7 million representing discount on treasury bills sold in 1958–59 was charged to interest on public debt in the 1959–60 budgetary expenditure accounts.

Unamortized portion of actuarial deficiencies

There was no change in the unamortized portion of the actuarial deficiencies in the superannuation and permanent services pension accounts. The balance remained at $465 million.

Suspense accounts

There was an increase of $2 million in this category during the fiscal year, due mainly to revaluation adjustments of Canadian dollar balances in the international monetary fund. A further explanation of these revaluation adjustments is given in the comments on the account "International monetary fund" maintained under the asset category "Other loans and investments".

Capital assets

Capital assets, which consist of assets of the government such as land, buildings, works and equipment, etc., that are charged to budgetary expenditures at the time of acquisition or construction, are shown on the statement of assets and liabilities at a nominal value of $1.

Inactive loans and advances

This category records loans and advances which are not currently revenue-producing or realizable. Included are the loan of $49 million to China under the Export Credits Insurance Act, loans of $24 million and $7 million made to Roumania and Greece in 1919–20 and 1920–21 and advances of $13 million in respect of the implementation of guarantees (Ming Sung Industrial Company Limited).

Reserve for losses on realization of assets

There was no change in this reserve during the year. The balance at March 31, 1960 remained at $546 million.

C. Increase in Net Debt

The budgetary deficit of $406 million for the fiscal year 1959–60 less an adjustment of $2 million in respect of prior years' transactions increased the net debt of Canada from $11,678 million at March 31, 1959 to $12,082 million at March 31, 1960.

5. THE CASH POSITION

The government's cash position is affected not only by the budgetary transactions explained in some detail in preceding sections but also by non-budgetary transactions and changes in the government's outstanding unmatured debt. Although there was a budgetary deficit estimated at $406 million in 1959–60, the government's bank balances decreased by only $76 million during the same period. This decrease was the net result of the budgetary deficit of $406 million, net disbursements of $3 million from non-budgetary transactions and an increase of $333 million in outstanding unmatured debt (after taking into account transactions in the securities investment and sinking fund accounts).

Non-budgetary receipts and disbursements relate to transactions which result in increases or decreases in the government's assets and liabilities and do not appear in what might be called the government's income account for the fiscal year nor do they enter into the calculation of the annual budgetary surplus or deficit. However, in considering the full scope of the government's financial operations and in measuring their effect on the government's cash position and their impact on the economy, non-budgetary as well as budgetary transactions must be taken into account.

The increases or decreases in the government's assets and liabilities have been described in detail in the section entitled "Statement of Assets and Liabilities of Canada". On the assets side the non-budgetary transactions consist, for the most part, of loans and advances to, and repayments by, Crown corporations and other government agencies and funds (including the old age security fund), national, provincial and municipal governments, international organizations, veterans and other borrowers. On the liabilities side they relate mainly to receipts and payments in connection with the many deposit and trust accounts, and annuity, insurance and pension funds held or administered by the government.

The following statement summarizes both the budgetary and non-budgetary transactions for 1959–60 and indicates how they, together with the changes in unmatured debt, affected the government's cash position. For purposes of comparison the corresponding figures for 1958–59 are also shown.

TABLE 51

(in millions of dollars)

Changes in Cash Position	Fiscal year ended March 31	
	1960 (estimated)	1959
Budgetary transactions—		
Revenues	5,301.0	4,754.7
Expenditures	5,706.8	5,364.0
1. Budgetary deficit (−)	**−405.8**	**−609.3**
Non-budgetary transactions—		
Receipts and credits (excluding unmatured debt transactions)—		
Repayments of loans, investments and working capital advances (net)—		
Canadian National Railways	255.5	−199.5
Defence production revolving fund	10.2	24.4
Exchange fund	31.0	−20.0
United Kingdom (1946 loan)	16.4	16.1
Export Credits Insurance Act	17.9	18.0
Other	17.1	42.8
	348.1	*−118.2*
Net government annuities account receipts—		
Premium receipts less payments to beneficiaries	8.7	17.3
Government contribution to maintain reserve	0.3	0.2
Interest paid by government	42.7	40.7
	51.7	*58.2*
Net insurance and pension accounts receipts—		
Employee contributions less payments to beneficiaries	34.4	32.2
Government contributions	93.2	89.4
Actuarial deficiency in permanent services pension account	.....	326.3
Interest paid by government	88.9	76.9
	216.5	*524.8*
Net sales of investments of unemployment insurance fund	125.1	250.9
Non-interest bearing notes payable to the international monetary fund	176.0	.....
Net increase in other current and demand liabilities	10.7	74.5
Net receipts in sundry other accounts	14.3	34.4
	942.4	824.6
Disbursements and charges (excluding unmatured debt transactions)—		
Loans, investments and working capital advances (net)—		
Agricultural commodities stabilization account	49.3	40.6
Canadian Overseas Telecommunication Corporation	8.7	0.3
Central Mortgage and Housing Corporation	325.0	335.6
Farm Credit Corporation	29.8	22.0
National Capital Commission	10.7	5.0
National Harbours Board	16.0	20.2
Northern Canada Power Commission	21.4	7.3
Northern Ontario Pipe Line Crown Corporation	8.0	42.7
Old age security fund—temporary loans	24.1	.....
The St. Lawrence Seaway Authority	23.0	106.1
International monetary fund (subscription to capital)	235.6	.....
Other	18.0	65.8
	769.6	*645.6*
Net payments from unemployment insurance fund	126.1	244.9
Net payments from special defence accounts	10.2	216.1
Net payments on account of S.A.C. bases (in trust)	18.3	−41.7
Net disbursements from sundry other accounts	21.4	423.7
	945.6	1,488.6
2. Net amount received from or required for (−) non-budgetary transactions	**−3.2**	**−664.0**
3. Overall cash requirements (−) to be financed by increase in debt or decrease in cash balances (1+2)	**−409.0**	**−1,273.3**
4. Net increase in unmatured debt outstanding in the hands of the public—		
Unmatured debt	312.7	1,329.0
Securities investment account	21.7	−18.2
Sinking funds and other investments	−1.1	128.5
	333.3	*1,439.3*
5. Net increase or decrease (−) in Receiver General bank balances (3+4)	**−75.7**	**166.0**

As the table shows, non-budgetary receipts and credits for 1959–60 (excluding unmatured debt transactions) totalled $942 million while non-budgetary disbursements and charges (also excluding unmatured debt transactions) amounted to $945 million, resulting in a net disbursement of $3 million from non-budgetary transactions. As there was a budgetary deficit of $406 million, $409 million required financing by an increase in unmatured debt or a decrease in cash balances. In 1958–59 there was a requirement of $664 million for non-budgetary transactions and this, together with the budgetary deficit of $609 million resulted in $1,273 million having to be financed by an increase in unmatured debt or a decrease in cash balances.

Non-budgetary receipts and credits, as already indicated, totalled $942 million in 1959–60. Repayments of loans, investments and working capital advances were $348 million and included $256 million from the Canadian National Railways, $10 million from the defence production revolving fund, $31 million from the exchange fund, $16 million from the United Kingdom Government on account of the Financial Agreement Act, 1946 and $18 million from other national governments on loans made under Part II of the Export Credits Insurance Act. Net government annuities account receipts were $52 million and net insurance and pension accounts receipts were $216 million. The net proceeds from the sale of investments of the unemployment insurance fund to finance payments out of the fund amounted to $125 million, and net receipts and credits in various other accounts amounted to $201 million.

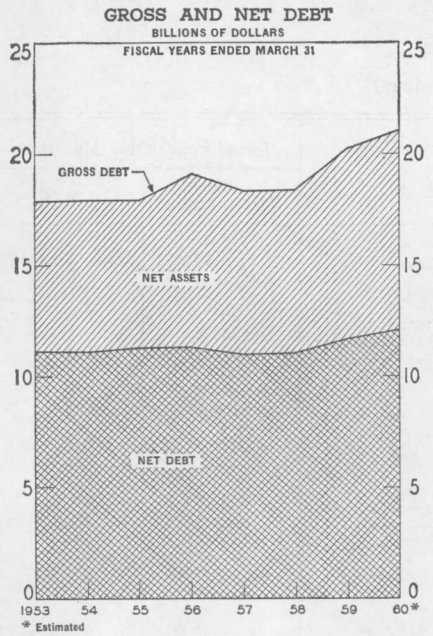
Non-budgetary disbursements and charges amounted to $945 million. Loans, investments and working capital advances were $770 million and included net advances of $49 million to the agricultural commodities stabilization account in connection with the purchase and sale of commodities, after allowing for a charge of $58 million to budgetary expenditures in respect of the operating loss for 1959–60, $9 million to the Canadian Overseas Telecommunication Corporation for additions and betterments to facilities, $325 million to Central Mortgage and Housing Corporation for the purpose of making housing loans, $30 million to the Farm Credit Corporation for the purpose of making loans to farmers, $11 million to the National Capital Commission for the purpose of acquiring land in the National Capital area not required for immediate use, $16 million to the National Harbours Board for reconstruction and capital expenditures, $21 million to Northern Canada Power Commission for power plant construction in Northern Canada and assistance under the Atlantic Provinces Power Development Act, $8 million to the Northern Ontario Pipe Line Crown Corporation for financing the Northern Ontario section of the natural gas pipe line, $24 million by way of temporary loans to the old age security fund, $23 million to The St. Lawrence Seaway Authority for dredging and construction of the seaway and $236 million in respect of a subscription to the capital of the international monetary fund. Net payments from the unemployment insurance fund were $126 million. Other non-budgetary disbursements and charges amounted to $49 million.

In summary, as budgetary and non-budgetary transactions during 1959–60 required financing in an amount estimated at $409 million, and unmatured debt outstanding in the hands of the public (after taking into account transactions in the securities investment and sinking fund accounts) increased by $333 million, cash balances on deposit with the banks decreased by $76 million.

6. THE PUBLIC DEBT

Gross and net debt

During the fiscal year ended March 31, 1960, the gross public debt increased by $747 million to $20,997 million. This increase was made up of increases of $313 million in unmatured debt and $434 million in other liabilities. During the year the government's recorded net assets increased by $343 million. The net debt increased by $404 million to $12,082 million, reflecting the budgetary deficit of $406 million less an adjustment of $2 million in respect of prior years' transactions.



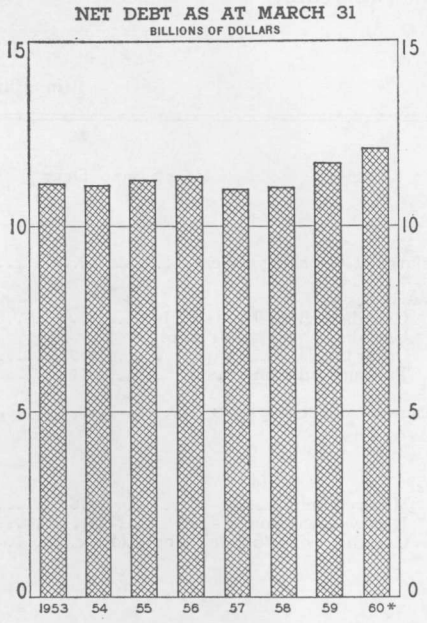


TABLE 52

STATEMENT OF PUBLIC DEBT, UNMATURED DEBT, RECORDED NET ASSETS AND NET DEBT OF CANADA
(in millions of dollars)

As at March 31	Gross Public Debt			Less recorded net assets	Net debt	Increase or decrease (−) in net debt during fiscal year
	Unmatured debt	Other liabilities	Total			
1956	15,407.6	3,716.6	19,124.2	7,843.8	11,280.4	17.3
1957	14,368.4	3,967.3	18,335.7	7,328.0	11,007.7	−272.7
1958	14,245.1	4,173.4	18,418.5	7,372.2	11,046.3	38.6
1959	15,574.1	4,675.8	20,249.9	8,571.5	11,678.4	632.1
1960 (estimated)	15,886.8	5,109.7	20,996.5	8,914.6	12,081.9	403.5

Unmatured debt

The total unmatured debt of Canada at March 31, 1960 was $15,887 million. This was $313 million more than the total at the end of the previous fiscal year. During the fiscal year the government's holdings of its own securities in the sinking fund and in the securities investment account showed a net decrease of $20 million. The net increase in the amount of outstanding unmatured debt in the hands of the public was $333 million.

The Budget—Appendix

Summary of security issues and redemptions during the year

During the year ended March 31, 1960, the government issued securities payable in Canadian dollars in the principal amount of $3,033 million (excluding the refunding of treasury bills which mature periodically but including the increase in the issue of treasury bills in the amount of $530 million) and redeemed or converted issues in the amount of $2,720 million. The total amount redeemed or converted was payable in Canadian dollars.

The following is a summarized table of changes in unmatured debt for the last two years:

TABLE 53

(in millions of dollars)

Unmatured Debt	Fiscal year ended March 31			
	1960 (estimated)		1959	
Balance at beginning of year		15,574		14,245
New issues—				
Canada savings bonds S. 13	30		855	
Canada savings bonds S. 14 (net)	1,425		.....	
Other bonds	100		1,550	
Treasury bills (increase)	530		70	
	2,085		*2,475*	
Renewals and conversions	948		6,805	
	3,033		9,280	
Less				
Matured debt	— 602		— 592	
Renewals and conversions	— 948		—6,805	
Canada savings bonds redemptions	—1,170		— 554	
	—2,720		—7,951	
Increase in unmatured debt		313		1,329
Balance at end of year		15,887		15,574

At March 31, 1960, the outstanding unmatured debt payable in U.S. dollars was $150 million, unchanged from March 31, 1959. The amount payable in sterling was $52 million, also unchanged from the previous year.

Net sales of Canada savings bonds, 1959 series, as at March 31, 1960 amounted to $1,425 million and additional sales of Canada savings bonds, 1958 series, during the year were $30 million and redemptions of Canada savings bonds series 4 to 13 (of which series 4 matured on November 1, 1959) were $1,170 million. The net increase during the year for all series was $285 million and the amount outstanding at March 31, 1960 was $3,133 million.

The issue of treasury bills was increased by $530 million during the fiscal year and the amount outstanding at March 31, 1960 was $2,125 million, consisting of $1,375 million in three-month bills, $510 million in six-month bills, $200 million in special one-year bills (due June 10, 1960) and $40 million in special 253 day bills (due June 10, 1960). The March 31, 1959 balance of $1,595 million consisted entirely of three-month bills.

TABLE 54

REDEMPTION OF DEBT DURING FISCAL YEAR ENDED MARCH 31, 1960

MATURITY	Interest rate	Where payable	Amount
	per cent		$
July 1, 1959	2½	Canada	200,000,000
July 1, 1959	2½	Canada	300,000,000
October 1, 1959	3	Canada	300,000,000
October 1, 1959	3	Canada	250,000,000
December 15, 1959	3	Canada	300,000,000
April 1, 1960[1]	2¾	Canada	200,000,000
Canada savings bonds, S. 4 to 13	various	Canada	1,170,598,000
			2,720,598,000

[1] Partial conversion on Feb. 15, 1960.

TABLE 55

NEW SECURITIES ISSUED DURING YEAR ENDED MARCH 31, 1960

Description	Price to government	Yield at price to government	Total amount issued	Renewals or conversions included in amount issued	Amount issued for cash
			$	$	$
Issued to general public—					
Marketable bonds—					
July 1, 1959—Apr. 1, 1960 2¾%.....	97.90	5.64	144,000,000	144,000,000	.....
July 1, 1959—Dec. 15, 1960 3%.....	96.10	5.83	94,000,000	94,000,000	.....
[1]Oct. 1, 1959—Oct. 1, 1960 5½%.....	98.75	6.81	135,000,000	135,000,000	.....
Oct. 1, 1959—May 1, 1961 3%.....	94.50	6.71	125,000,000	125,000,000	.....
[2]Oct. 1, 1959—Oct. 1, 1962 5½%.....	97.25	6.52	250,000,000	250,000,000	.....
[2]Feb. 15, 1960—Oct. 1, 1962 5½%....	99.00	5.91	100,000,000	.....	100,000,000
[3]Feb. 15, 1960—Apr. 1, 1963 5½%....	98.75	5.94	200,000,000	200,000,000	.....
Canada savings bonds—					
Nov. 1, 1958—Nov. 1, 1973, 4¼%...	99.00	.....	30,000,000	.....	30,000,000
Nov. 1, 1959—Nov. 1, 1968 4%....	98.75	.....	1,425,300,000	.....	1,452,300,000
Treasury bills (increase).....	.....	.....	530,000,000	222,202,000	307,798,000
			3,033,300,000	1,170,202,000	1,863,098,000

[1] Exceangeable at the option of the holder, on or before June 30, 1960, into an equal par value of 5½% non-callable bonds due October 1, 1975.

[2] Exchangeable at the option of the holder, on or before June 30, 1962, into an equal par value of 5½% non-callable bonds due October 1, 1975.

[3] Exchangeable at the option of the holder, on or before December 31, 1962, into an equal par value of 5½% non-callable bonds due April 1, 1976.

Interest rates

The average interest rate on the government's unmatured debt at March 31, 1960 was 3.96 per cent compared with 3.54 per cent at the end of the previous fiscal year.

Treasury bill yields reflected a trend similar to that of general interest rates. The yield on three-month bills at tender on April 2, 1959 was 4.33 per cent. On August 13, 1959, the yield had risen to a high for the year of 6.16 per cent and was 4.02 per cent at tender on March 17, 1960.

The yield on six-month bills was 5.27 per cent at tender on May 7, 1959 (the first issue during the year). On August 13, 1959 the yield had risen to 6.87 per cent and was 4.26 per cent at tender on March 17, 1960. The yield on the one-year bills issued June 10, 1959 was 5.49 per cent and the yield on the 253 day bills issued October 1, 1959 was 6.80 per cent.

The Budget—Appendix

The following table shows the high and low yields together with the yield on the last issue of three-month bills for the fiscal years ended March 31, 1956 to 1960 inclusive, and for six-month bills for the fiscal year 1959–60:

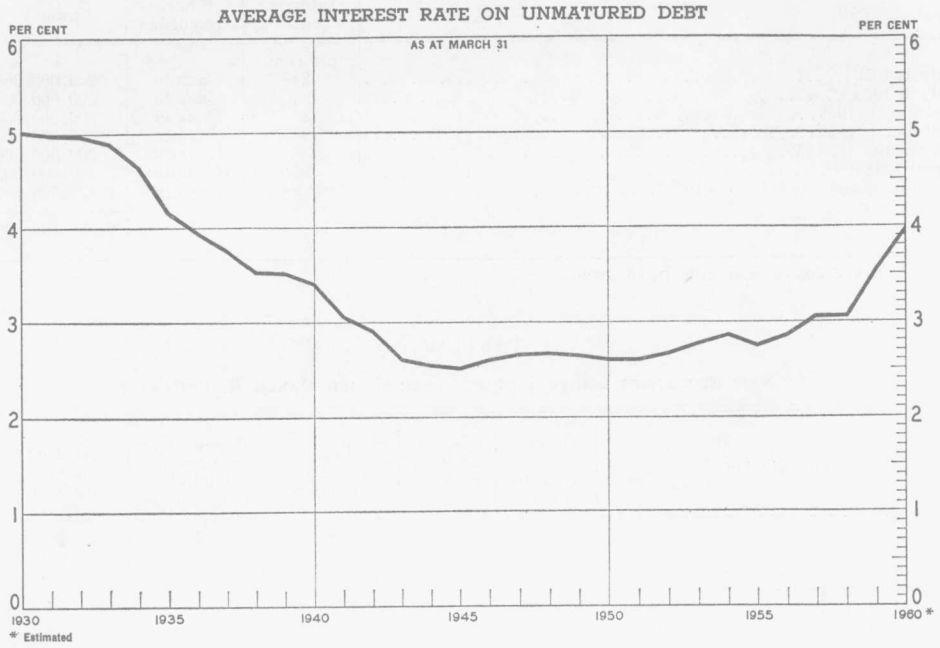


TABLE 56

TREASURY BILL YIELDS AT TENDER

Fiscal Year Ended March 31	High	Low	Last issue
	per cent	per cent	per cent
Three-month bills—			
1956	2.64	1.08	2.64
1957	3.81	2.40	3.70
1958	4.08	2.27	2.27
1959	4.30	0.87	4.30
1960	6.16	4.02	(1)4.02
Six-month bills—			
1960	6.87	4.26	(1)4.26

(1) At tender on March 17, 1960.

Indirect debt or contingent liabilities

In addition to the direct debt set out in the statement of assets and liabilities the government has assumed certain indirect or contingent obligations. These consist of securities of the Canadian National Railways, guaranteed as to principal and interest, or as to interest only, and a number of miscellaneous guarantees, the chief of which are the guarantee of insured loans made by chartered banks and other approved lending institutions under the National Housing Act, 1954, deposits maintained by the chartered banks in the Bank of Canada, bank advances to the Canadian Wheat Board, advances under the Export Credits Insurance Act and bank loans under the Farm Improvement Loans Act.

The government's liability under its guarantee of insured loans under the National Housing Act, 1954 was $2,678 million at December 31, 1959, compared with $2,059 million at December 31, 1958.

TABLE 57

SUMMARY OF INDIRECT DEBT OR CONTINGENT LIABILITIES AS AT MARCH 31, 1960

—	Amount outstanding March 31, 1960 (estimated)
	$
Bonds and debenture stocks guaranteed by the government—	
Railway securities guaranteed as to principal and interest—	
Canadian Northern Alberta 3½% due May 4, 1960	316,856
Canadian Northern Ontario 3½% due May 19, 1961	2,069,805
Grand Trunk Pacific 3% due Jan. 1, 1962	26,465,130
Grand Trunk Pacific 4% due Jan. 1, 1962	7,999,074
Canadian National 2¾% due Feb. 1, 1963	250,000,000
Canadian National 5½% due Dec. 15, 1964[1]	199,000,000
Canadian National 3% due Jan. 3, 1966	35,000,000
Canadian National 2¾% due Jan. 2, 1967	50,000,000
Canadian National 5% due May 15, 1968[1]	57,550,000
Canadian National 2¾% due Sept. 15, 1969	70,000,000
Canadian National 2¾% due Jan. 16, 1971	40,000,000
Canadian National 3¾% due Feb. 1, 1974	200,000,000
Canadian National 2¾% due June 15, 1975	6,000,000
Canadian National 5% due May 15, 1977[1]	87,750,000
Canadian National 4% due Feb. 1, 1981	300,000,000
Canadian National 5¾% due Jan. 1, 1985[1]	99,500,000
	1,431,650,865
Railway securities guaranteed as to interest only—	
Grand Trunk 5% debenture stock, perpetual	51,190
Grand Trunk 4% debenture stock, perpetual	5,054
	56,244
	1,431,707,109
Other outstanding guarantees and contingent liabilities—	
Deposits maintained by the chartered banks in the Bank of Canada	650,000,000
Loans maintained by approved lending institutions under National Housing Acts prior to 1954 Act	Indeterminate
Loans made by lenders under Part IV of the National Housing Act, 1954, for home extensions and improvements	6,415,541
Insured loans made by approved lenders under the National Housing Act, 1954	2,671,918,347
Guarantees to owners of returns from moderate rental housing projects	Indeterminate
Guarantees under the Export Credits Insurance Act Part I	42,000,000
Guarantees under the Export Credits Insurance Act Part II	1,275,000
Loans made by chartered banks under The Farm Improvement Loans Act	37,888,033
Loans made by chartered banks under The Veterans' Business and Professional Loans Act	342,869
Loans made by chartered banks under the Prairie Grain Producers' Interim Financing Act, 1956	114,444
Loans made by chartered banks and credit unions under the Fisheries Improvement Loans Act	119,168
Loans made by chartered banks to Canadian Wheat Board	91,000,000
Loans made by chartered banks to Canadian Wheat Board pursuant to the Prairie Grain Provisional Payments Act	690,000
Loans made by chartered banks under the Prairie Grain Advance Payment Act	22,000,000
	3,523,763,402
TOTAL	4,955,470,511

[1] The original amounts issued were as follows: 1964 maturity $200,000,000; 1968 maturity $60,000,000; 1977 maturity $90,000,000; 1985 maturity $100,000,000; as at January 31, 1960 these amounts were reduced by $1,000,000, $2,450,000, $2,250,000 and $500,000 respectively through the operation of the Company's Purchase Fund.

7. SUPPLEMENTARY DETAILED TABLES

REVENUES

EXPENDITURES

ANNUAL CHANGES IN LOANS AND INVESTMENTS

UNMATURED DEBT

79951-0—177½

The Budget—Appendix

STATEMENT OF REVENUES FOR LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1955–56	1956–57	1957–58	1958–59	Estimated 1959–60
	$	$	$	$	$
TAX REVENUES—					
Income tax—					
Personal[1]	1,185.6	1,400.5	1,499.8	1,353.5	1,555.0
Corporation[1]	1,027.7	1,268.3	1,234.8	1,020.6	1,140.0
On dividends, interest, etc., going abroad	66.2	76.4	64.3	61.2	75.0
	2,279.5	*2,745.2*	*2,798.9*	*2,435.3*	*2,770.0*
Excise taxes—					
Sales tax[1] [2]	641.5	717.1	703.2	694.5	737.0
Other excise taxes—					
Automobiles	76.2	79.7	72.3	59.3	66.0
Beverages (soft drinks)	8.7	9.0	0.6	.....	.....
Candy and chewing gum	9.2	9.8	0.7	.....	.....
Cigarettes, cigars and tobacco	126.9	132.3	142.4	148.0	184.0
Jewellery, watches, ornaments, etc.	5.0	6.1	5.3	5.6	5.6
Matches and lighters	0.9	0.8	0.9	0.9	0.9
Television sets, radios, tubes and phonographs	22.8	19.0	16.9	17.8	18.2
Tires and tubes	0.8	.....	.....	.....	.....
Toilet preparations	5.6	6.1	6.3	6.8	7.5
Wines	2.5	2.6	2.7	3.1	2.9
Sundry commodities	2.1	2.3	1.4	1.2	1.5
Licences, interest and miscellaneous	0.4	0.5	0.6	0.5	0.7
Less refunds	−0.4	−1.1	−0.7	−2.6	−0.3
	260.7	*267.1*	*249.4*	*240.6*	*287.0*
Customs import duties	481.2	549.1	498.1	486.5	529.0
Excise duties—					
Spirits and beer	141.9	153.4	171.9	179.6	195.0
Cigarettes, cigars and tobacco	110.4	121.1	131.7	141.2	147.0
Licences	[3]	[3]	[3]	[3]	[3]
Less refunds	−2.9	−3.1	−3.5	−4.1	−4.0
	249.4	*271.4*	*300.1*	*316.7*	*338.0*
Estate tax	66.6	79.7	71.6	72.6	88.0
Tax on insurance premiums	15.5	16.7	.....	.....	.....
Miscellaneous tax revenue	1.3	1.6	1.5	1.2	1.0
Total tax revenues	3,995.7	4,647.9	4,622.8	4,247.4	4,750.0
NON-TAX REVENUES—					
Post office—net postal revenue	137.4	145.8	152.9	157.5	165.0
Return on investments	149.3	206.6	169.4	221.2	239.0
Other	117.6	106.2	103.7	128.6	147.0
Total non-tax revenues	404.3	458.6	426.0	507.3	551.0
TOTAL REVENUES	4,400.0	5,106.5	5,048.8	4,754.7	5,301.0

[1] Excluding tax credited to the old age security fund—

	1955–56	1956–57	1957–58	1958–59	Estimated 1959–60
Personal income tax	102.5	125.0	135.0	146.4	185.6
Corporation income tax	53.3	67.3	60.7	55.3	91.3
Sales tax	160.4	179.3	175.8	173.6	273.0

[2] Net after deduction of refunds and drawbacks as well as transfers to the old age security fund.

[3] Less than $50,000.

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1955–56	1956–57	1957–58	1958–59	Estimated 1959–60
	$	$	$	$	$
AGRICULTURE—					
Administration and general	1.6	1.9	1.9	2.0	2.2
Agricultural commodities stabilization account —net operating loss	5.8	5.0	6.0	15.0	57.7
Contributions to Alberta, Saskatchewan and Manitoba—unharvested crops	.....	.....	.....	.....	6.0
Payments to western grain producers	.....	.....	.....	41.3	.....
Prairie farm emergency fund—deficit	8.4	.....	5.9	17.0	13.2
Production and marketing	18.6	18.3	21.0	23.9	27.3
Freight assistance on western feed grains	16.0	17.5	17.5	20.0	23.2
Premium on hog carcasses suitable for export to United Kingdom	5.9	5.7	5.5	6.9	8.2
Rehabilitation and reclamation projects	11.9	13.6	12.5	13.5	18.9
Research branch	20.0	22.6	24.4	26.2	28.6
	88.2	*84.6*	*94.7*	*165.8*	*185.3*
ATOMIC ENERGY	19.0	21.9	21.6	26.1	31.1
AUDITOR GENERAL'S OFFICE	0.7	0.7	0.8	0.8	0.9
BOARD OF BROADCAST GOVERNORS	.....	.....	.....	0.1	0.2
CANADIAN BROADCASTING CORPORATION—					
Grants toward the anticipated operating deficit and capital expenditures of the radio broadcasting and television services	6.3	18.3	24.4	50.3	59.6
International service	1.8	1.7	1.8	1.9	2.0
Payment from the consolidated revenue fund of amounts equal to taxes collected under the Excise Tax Act in respect of radio and television sets and equipment	23.1	19.3	16.8	9.8	.....
	31.2	*39.3*	*43.0*	*62.0*	*61.6*
OFFICE OF THE CHIEF ELECTORAL OFFICER	0.4	0.2	13.6	3.2	0.3
CITIZENSHIP AND IMMIGRATION—					
Administration and general	1.5	1.8	1.9	2.1	2.1
Immigration branch	8.0	18.6	22.1	14.4	12.1
Indian affairs branch	21.5	23.7	27.8	36.4	41.6
	31.0	*44.1*	*51.8*	*52.9*	*55.8*
CIVIL SERVICE COMMISSION	2.4	2.7	3.2	3.5	3.6
DEFENCE PRODUCTION—					
Administration and general	9.6	10.5	10.2	12.1	14.4
Capital assistance to defence industry	6.5	10.0	4.8	1.8	2.9
	16.1	*20.5*	*15.0*	*13.9*	*17.3*
EXTERNAL AFFAIRS	13.0	14.4	15.8	16.6	17.1
Assistance to other countries and international organizations	28.8	40.0	40.1	54.5	76.6
Membership in commonwealth and international organizations	3.1	5.8	4.3	4.4	4.2
	44.9	*60.2*	*60.2*	*75.5*	*97.9*
FINANCE—					
Administration and general	6.7	8.0	7.6	10.2	10.9
Office of the Comptroller of the Treasury	14.9	16.0	17.5	17.9	18.3
Grants to Canada Council	.....	.....	100.0	.....	.....
Grants to municipalities in lieu of taxes on federal property	7.0	9.5	17.5	21.9	21.5
Grants to universities	5.5	16.0	16.6	25.5	26.1
Government contributions with respect to the superannuation account—					
General	31.5	31.6	33.8	37.7	40.0
Special	.....	40.8	44.3	.....	.....

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*continued*

(in millions of dollars)

—	1955-56	1956-57	1957-58	1958-59	Estimated 1959-60
	$	$	$	$	$
FINANCE—*concluded*					
Payments to provinces—					
Subsidies	20.3	20.6	20.6	20.6	20.7
Tax-rental agreements, 1952 act	319.6	365.9	.....	.....	.....
Tax-sharing arrangements, 1956 act	.....	.....	353.3	423.1	484.3
Transfer of certain public utility tax receipts	7.9	6.6	7.4	8.7	9.0
Transitional grant to Newfoundland	3.1	2.3	1.4	1.0	0.7
Additional grants to Newfoundland	.....	.....	.....	13.6	7.3
Premium, discount and exchange	.....	1.4	.....	.....	.....
Provision for reserve for losses on realization of assets	.....	50.0	.....	.....	.....
Public debt charges—					
Interest on public debt	492.6	520.2	539.2	606.6	738.2
Cost of issuing new loans and annual amortization of bond discounts and commissions	21.1	13.4	27.7	40.8	47.3
Servicing of public debt	0.6	0.5	0.5	0.6	0.6
Reduction in actuarial deficiency in the superannuation account	.....	50.0	.....	.....	.....
Relief re Hurricane Hazel	0.4	.....	.....	.....	.....
	931.2	*1,152.8*	*1,187.4*	*1,228.2*	*1,424.9*
FISHERIES	12.4	13.8	16.4	17.5	20.2
GOVERNOR GENERAL AND LIEUTENANT GOVERNORS	0.4	0.4	0.4	0.4	0.4
INSURANCE	0.5	0.5	1.2	1.2	1.3
JUSTICE	6.6	7.0	7.2	7.6	8.2
Office of the Commissioner of Penitentiaries	10.7	12.0	12.7	16.7	20.5
	17.3	*19.0*	*19.9*	*24.3*	*28.7*
LABOUR	9.0	9.5	10.2	14.2	22.7
Government annuities—amount required to maintain reserve	.....	.....	1.2	0.2	0.2
Unemployment Insurance Act, 1940—					
Administration and general	26.6	29.0	32.5	35.3	35.9
Government contribution	33.9	37.4	37.8	37.1	45.5
	69.5	*75.9*	*81.7*	*86.8*	*104.3*
LEGISLATION—					
House of Commons	5.1	5.4	5.0	5.6	5.7
Library of Parliament	0.3	0.3	0.3	0.3	0.3
Senate	1.4	1.5	1.5	1.7	1.8
	6.8	*7.2*	*6.8*	*7.6*	*7.8*
MINES AND TECHNICAL SURVEYS	17.6	17.5	18.7	22.7	24.3
Dominion Coal Board	11.3	9.7	8.8	11.3	17.6
Emergency gold mining assistance	9.3	8.7	8.6	9.8	13.2
	38.2	*35.9*	*36.1*	*43.8*	*55.1*
NATIONAL DEFENCE—					
Defence forces, Army, Naval and Air services	1,464.9	1,504.1	1,415.0	1,222.7	1,390.5
Defence research and development	64.3	69.3	78.7	74.4	40.1
Government contributions with respect to permanent services pension account	40.1	46.3	49.7	49.5	51.8
Mutual aid to NATO countries	175.0	133.6	118.5	70.7	14.7
Pensions—payments under defence services pension act	5.3	5.6	5.8	6.0	6.4
Other	0.4	0.5	0.8	1.4	2.6
	1,750.0	*1,759.4*	*1,668.5*	*1,424.7*	*1,506.1*
NATIONAL FILM BOARD	4.1	5.0	4.0	4.3	4.6
NATIONAL GALLERY OF CANADA	1.3	0.4	0.6	0.6	0.8

STATEMENT ON EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*continued*

(in millions of dollars)

—	1955-56	1956-57	1957-58	1958-59	Estimated 1959-60
	$	$	$	$	$
NATIONAL HEALTH AND WELFARE—					
Administration and general	1.3	1.5	1.5	1.8	1.9
Civil defence	2.4	3.7	4.0	3.8	(1)3.7
National health branch—					
General health grants	33.5	36.3	34.6	45.9	46.0
Government contribution under the Hospital Insurance and Diagnostic Services Act	.....	.....	.....	54.7	149.8
Other	22.7	25.5	29.8	31.2	30.5
Welfare branch—					
Family allowances	382.5	397.5	437.9	474.8	491.3
Old age assistance, blind persons and disabled persons allowances	29.5	30.4	39.7	49.7	50.8
Old age security fund—deficit	63.3	56.0	103.9	184.0	.....
Unemployment assistance	.....	7.9	8.2	23.9	36.1
Other	2.7	2.9	3.1	3.1	3.2
	537.9	*561.7*	*662.7*	*872.9*	*813.3*
NATIONAL RESEARCH COUNCIL	16.1	19.0	21.6	25.4	31.3
NATIONAL REVENUE	56.1	61.8	67.7	68.8	69.2
NORTHERN AFFAIRS AND NATIONAL RESOURCES	24.7	37.0	49.1	65.2	81.4
POST OFFICE	127.4	140.0	153.3	157.8	167.6
PRIVY COUNCIL including Prime Minister's Office	0.5	0.5	0.6	1.1	2.6
PUBLIC ARCHIVES AND NATIONAL LIBRARY	0.5	0.6	0.7	0.7	0.7
PUBLIC PRINTING AND STATIONERY	2.2	3.2	3.3	3.5	3.5
PUBLIC WORKS	126.0	140.5	156.6	170.1	156.9
National Capital Commission	3.4	3.4	3.3	4.9	6.3
Trans-Canada Highway contributions	16.1	24.8	49.4	51.1	52.0
	145.5	*168.7*	*209.3*	*226.1*	*215.2*
ROYAL CANADIAN MOUNTED POLICE	36.6	43.4	47.4	51.7	53.3
SECRETARY OF STATE	3.0	3.5	4.0	4.4	4.7
TRADE AND COMMERCE	17.6	23.6	23.6	27.2	24.9
Assistance re storage costs on grain	18.9	31.8	33.3	38.4	42.3
National Energy Board	.....	.....	.....	.....	0.2
	36.5	*55.4*	*56.9*	*65.6*	*67.4*
TRANSPORT—					
Administration and general	3.1	3.3	3.7	4.0	4.6
Air services	57.3	70.5	90.3	115.4	121.7
Canadian Maritime Commission	4.3	5.0	5.2	5.9	6.8
Canal services	8.3	8.2	8.6	9.7	7.1
Marine services	20.6	26.9	32.8	51.8	54.6
Non-active assets—					
National Harbours Board	3.0	4.1	4.8	4.3	2.1
Railway and steamship services	8.3	8.2	5.7	1.8	3.8
Deficits—					
Canadian National Railways	.....	.....	22.1	51.6	43.6
Canadian National (West Indies) Steamships Limited	0.1	.....	0.6	1.2	.....
North Sydney–Port-aux-Basques ferry and terminals	2.4	5.4	6.0	5.8	5.8
Prince Edward Island car ferry and terminals	1.6	1.8	2.0	2.0	2.6
Yarmouth–Bar Harbour ferry	.....	0.3	0.3	0.2	0.2
Freight Rate Reduction Act	.....	.....	.....	.....	9.2
Maintenance of trackage	7.0	7.0	7.0	7.0	7.0
Maritime Freight Rates Act	11.0	12.5	12.6	13.1	14.3
Railway grade crossing fund	5.0	5.0	5.0	15.0	15.0
	132.0	*158.2*	*206.7*	*288.8*	*298.4*

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*concluded*

(In millions of dollars)

—	1955-56	1956-57	1957-58	1958-59	Estimated 1959-60
	$	$	$	$	$
VETERANS AFFAIRS—					
Administration and general	4.9	5.4	6.2	6.3	6.4
Hospital accommodation, additions, alterations and improvements	3.5	4.6	3.3	3.3	3.8
Pensions	130.7	130.3	145.6	150.7	149.6
Provision for reserve for conditional benefits	8.8	6.8	5.2	4.4	3.8
Soldier settlement and veterans land acts	5.4	5.4	5.6	5.4	5.2
Treatment and welfare services	47.6	50.8	56.4	56.1	55.0
Veterans allowances, treatment allowances and other benefits	44.0	45.8	53.1	60.4	63.4
War service gratuities and re-establishment credits	3.6	2.4	1.8	2.2	2.8
	248.5	*251.5*	*277.2*	*288.8*	*290.0*
TOTAL EXPENDITURES	4,433.1	4,849.0	5,087.4	5,364.0	5,706.8

(1) Total civil defence expenditures were $5.3 million of which $1.2 million was made by Privy Council and $0.4 by the Department of National Defence.

ANNUAL CHANGES IN LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1955–56	1956–57	1957–58	1958–59	Estimated 1959–60
	$	$	$	$	$
Loans to, and investments in, Crown corporations—					
Atomic Energy of Canada Limited	11.7	9.1	3.2	2.7	2.1
Canadian Broadcasting Corporation	8.4	−0.1	−0.3	−27.0	.....
Canadian Commercial Corporation	−4.0	−2.0	.....	.....	2.0
Canadian National Railways	170.7	172.1	−10.7	199.5	−255.5
Canadian National (West Indies) Steamships Limited	−0.2	−0.3	−0.2	−0.3	−1.2
Canadian Overseas Telecommunication Corporation	4.0	4.3	0.3	0.3	8.7
Central Mortgage and Housing Corporation	−10.4	−4.1	107.5	335.6	325.0
Farm Credit Corporation[1]	4.7	9.3	14.3	22.0	29.8
National Capital Commission	.....	.....	2.1	5.0	10.7
National Harbours Board	−0.1	7.2	11.1	20.2	16.0
Northern Canada Power Commission	−0.4	0.3	6.7	7.3	21.4
Northern Ontario Pipe Line Crown Corporation	.....	0.3	70.5	42.8	8.0
The St. Lawrence Seaway Authority	20.2	56.0	[2]99.2	[2]106.1	[2]34.6
Trans-Canada Air Lines	.....	.....	.....	2.5	−1.1
Other	0.4	−0.1	0.1	.....	.....
	205.0	*252.0*	*303.8*	*716.7*	*200.5*
Loans to national governments—					
United Kingdom—					
The War Appropriation (U.K. Financing) Act, 1942	−30.0	−30.0	−30.0	−22.5	.....
The United Kingdom Financial Agreement Act, 1946	−15.2	−15.5	[3]44.2	−16.1	−16.4
Export Credits Insurance Act	−22.4	−21.9	−19.9	−17.9	−17.9
Special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada	.....	.....	16.2	18.3	0.5
Other	−3.4	−3.8	−1.1	−0.8	−0.8
	−71.0	*−71.2*	*9.4*	*−39.0*	*−34.6*
Other loans and investments—					
Subscriptions to capital of, working capital advances and loans to, international organizations—					
Canada's subscription to capital of—					
International monetary fund	6.3	−8.8	5.0	−2.6	235.6
International finance corporation	.....	3.5	.....	.....	.....
Working capital advances and loans to international organizations	.....	0.8	−0.2	.....	−0.2
Loans to provincial governments	−3.6	−3.4	[4]1.0	[5]25.5	−7.2
Balances receivable under agreements of sale of Crown assets	11.8	7.8	−4.4	−2.9	−3.1
Old age security fund	−13.2	−48.5	−1.5	.....	24.1
Veterans land act advances	−0.6	−3.8	−3.2	−3.0	−0.6
Other	2.2	2.8	9.4	3.4	7.3
	2.9	*−49.6*	*6.1*	*20.4*	*255.9*
Sinking fund and other investments held for retirement of unmatured debt	20.0	.....	0.9	−128.5	1.1
Net total of changes in loans and investments	156.9	131.2	320.2	569.6	422.9

[1] Formerly the Canadian Farm Loan Board.

[2] Includes deferred interest.

[3] Deferred interest.

[4] $4 million in overpayments to provinces arising out of 1952 tax-rental agreements offset in part by repayments of $3 million.

[5] Loan of $29.5 million to New Brunswick in respect of the Beechwood Power Project offset in part by repayments of $4 million.

UNMATURED DEBT INCLUDING TREASURY BILLS AS AT MARCH 31, 1960 AND THE ANNUAL INTEREST THEREON

Date of maturity	Description	Rate per cent	Where payable	Amount of loan	Annual interest charges
				$	$
1960, Apr. 1	Loans of 1958 and 1959 T. 31	2¾	Canada	329,000,000	9,047,500
June 1	Sixth victory loan L. 9	3	Canada	46,588,650	1,397,660
Oct. 1	Loan of 1959 T. 34	5½	Canada	135,000,000	7,425,000
Nov. 1	Canada savings bonds 1950 S. 5	2¾	Canada	(1) 11,300,000	310,750
Dec. 15	Loans of 1957 and 1959 T. 21	3	Canada	515,000,000	15,450,000
Dec. 15	Loan of 1959 T. 21	3	Canada	94,000,000	2,820,000
1961, May 1	Loans of 1958 and 1959 T. 23	3	Canada	525,000,000	15,750,000
Dec. 1	Conversion loan of 1958 T. 26	3	Canada	1,020,514,000	30,615,420
1962, Feb. 1	Seventh victory loan P. 3	3	Canada	53,473,150	1,604,195
Aug. 1	Canada savings bonds 1951 S. 6	3½	Canada	(1) 32,000,000	1,120,000
Oct. 1	Loan of 1959 T. 35	5½	Canada	350,000,000	19,250,000
1963, Apr. 1	Loan of 1960 T. 37	5½	Canada	200,000,000	11,000,000
Jan. 1	Loan of 1959 T. 33	4	Canada	100,000,000	4,000,000
July 1	Loan of 1933/34	3	London	(2) 49,833,091	1,494,993
July 1	Loan of 1938	3¼	London	(2) 1,978,362	64,297
Aug. 1	Canada savings bonds 1952 S. 7	3¾	Canada	(1) 36,400,000	1,365,000
Oct. 1	Eighth victory loan P. 5	3	Canada	223,020,200	6,690,606
1965, Sept. 1	Conversion loan of 1958 T. 27	3¾	Canada	1,266,723,100	47,502,116
Nov. 1	Canada savings bonds 1953 S. 8	3¾	Canada	(1) 123,900,000	4,646,250
1966, Sept. 1	Ninth victory loan P. 7	3	Canada	245,202,200	7,356,066
Nov. 1	Canada savings bonds 1954 S. 9	3¼	Canada	(1) 83,200,000	2,704,000
1967, Nov. 1	Canada savings bonds 1955 S. 10	3½	Canada	(1) 80,600,000	2,619,500
1968, June 15	Refunding loan of 1950 P. 9	2¾	Canada	350,000,000	9,625,000
Nov. 1	Canada savings bonds 1959 S. 14	4	Canada	(1) 1,425,300,000	57,012,000
1969, May 1	Canada savings bonds 1956 S. 11	3½	Canada	(1) 143,900,000	5,036,500
1970, May 1	Loan of 1958 T. 24	3½	Canada	200,000,000	7,000,000
Nov. 1	Canada savings bonds 1957 S. 12	4¾	Canada	(1) 767,200,000	36,442,000
1972, Sept. 1	Conversion loan of 1958 T. 28	4¼	Canada	1,366,733,800	58,086,187
1973, Nov. 1	Canada savings bonds 1958 S. 13	4¼	Canada	(1) 429,400,000	18,249,500
1974, Sept. 1	Loan of 1949	2¾	New York	(3) 100,000,000	2,750,000
1975, Sept. 15	Loan of 1950	2¾	New York	(3) 50,000,000	1,375,000
1976, June 1	Loan of 1954 T. 11	3¼	Canada	300,000,000	9,750,000
1978, Jan. 15	Loans of 1953 and 1958 T. 5	3¾	Canada	250,000,000	9,375,000
1979, Oct. 1	Loan of 1954 T. 13	3¼	Canada	400,000,000	13,000,000
1983, Sept. 1	Conversion loan of 1958 T. 29	4½	Canada	2,151,548,950	96,819,703
1998, Mar. 15	Conversion loan of 1956 T. 15	3¾	Canada	250,000,000	9,375,000
Perpetual	Loan of 1936 P. 1	3	Canada	55,000,000	1,650,000
Various	Three-month treasury bills	(4)	Canada	1,375,000,000	64,173,832
Various	Six-month treasury bills	(4)	Canada	510,000,000	25,843,492
1960, June 10	One-year treasury bills	(5) 5.49	Canada	200,000,000	10,439,893
June 10	253-day treasury bills	(5) 6.80	Canada	40,000,000	2,598,668
				15,886,815,503	632,835,128
	Payable in Canada			15,685,004,050	627,150,838
	Payable in London			51,811,453	1,559,290
	Payable in New York			150,000,000	4,125,000
				15,886,815,503	632,835,128

NOTE: Where various rates of interest are applicable during the term of a loan the interest rate in effect at March 31, 1960 has been used.

(1) Estimated.

(2) Conversion rate $2.80 Can. = £1.

(3) Conversion rate $1 Can. = $1 U.S.

(4) Rate of discount on bills sold.

(5) Rate of discount.

HOUSE OF COMMONS

Friday, April 1, 1960

The house met at 11 a.m.

RAILWAYS, AIR LINES AND SHIPPING

Second report of sessional committee on railways, air lines and shipping—Mr. Rowe.

GRAIN

OATS AND BARLEY—CLOSING OF POOLS AND DISTRIBUTION OF SURPLUSES

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I should like to make an announcement with regard to the oats and barley pools for the crop year 1958-59. These pools were closed out on March 4. The surplus for distribution on the oats pool is $3,153,318.57. The surplus for distribution on the barley pool is $5,335,502.66. The cheques for the final payments of the two pools will be issued commencing April 4.

COMMONWEALTH RELATIONS

MALAYA—TRIBUTES ON PASSING OF HIS MAJESTY TUANKU ABDUL RAHMAN

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, members of the house will have read with regret the announcement that His Majesty Tuanku Abdul Rahman, the paramount ruler of Malaya, died this morning in Kuala Lumpur. His Majesty had been Malaya's distinguished head of state since that country became independent in 1957. He had played a significant part in fostering Malaya's links with the commonwealth, and in his capacity as head of state in a parliamentary democracy he had been closely associated with Malaya's admirable record of economic and political progress.

I shall always remember the generous hospitality extended to me on the occasion of my visit there, at which time he spoke in most glowing terms of Canada and its relationship with his country. I am sure I speak for all members of the house and for Canadians generally when I express sincere condolences to the Malayan government on the death of His Majesty.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the opposition is sorry to learn of the untimely death of the ruler of Malaya, and joins with the government in extending to the government of that country our deep and heartfelt condolences.

79951-0—178½

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in the C.C.F. have learned with regret of the death of the ruler of Malaya. We join with the other political parties in this house in making unanimous the fact that the Canadian parliament is sorry to hear of His Majesty's death. We extend our sympathy to the government and the people of Malaya.

SHIPPING

QUEBEC—REQUEST FOR SETTLEMENT OF RIVER PILOTS' GRIEVANCES

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Minister of Transport of which I have given him notice. Perhaps he will reply on Monday.

Has the minister received a telegram from the Quebec river pilots setting out their grievances and requesting a settlement thereof prior to the opening of navigation? Can the minister tell the house whether those grievances have been studied by the department and what decision has been reached?

Hon. Leon Balcer (Solicitor General): Mr. Speaker, I will bring this question to the attention of the Minister of Transport.

(Translation):

AGRICULTURE

PORK—REPORTED FAILURE TO OBTAIN DEFICIENCY PAYMENTS

On the orders of the day:

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, I should like to put a question to the Minister of Agriculture. I inquired about a petition reported to have been sent to the minister by more than 300 farmers, complaining that some business concerns are using the registration and numbers given to farmers to obtain deficiency payments on hogs. Would the minister indicate whether he has received that petition and whether he intends to do something about it?

(Text):

Hon. D. S. Harkness (Minister of Agriculture): Yes, Mr. Speaker. I found what was really a long letter signed by a considerable number of farmers in the province of Quebec, and together with certain requests for information and so on there was a statement to the effect that there were rumours current

that there was some trafficking going on with respect to farmers' registration numbers for the delivery of hogs. I have replied to that letter and have requested them, if they know of any definite instances, to inform us so that we may take appropriate action to put an end to the practice.

(Translation):

Mr. Gabriel Roberge (Megantic): I have a supplementary question. Would the minister indicate whether other similar cases were brought to his attention and, if so, what action he has taken?

(Text):

Mr. Harkness: As I indicated on Wednesday, I believe, this was the first intimation we had that any practices along this line were going on. We had anticipated, as I indicated on Wednesday, that there might be some attempts to beat the system, shall we say. We will prosecute any cases that we can discover and, as I indicated, the system is also set up in such a way that it is going to be pretty difficult for people to carry on practices of this kind to any extent without being detected. Of course punitive measures will then be taken against them.

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): I should like to ask a supplementary question. Is this not a matter that should be referred to the Royal Canadian Mounted Police for investigation?

Mr. Harkness: I do not think so, unless we receive some definite information in connection with particular infractions or suspected infractions of the rules and regulations. If the hon. member or any other hon. members opposite know of any definite cases I wish they would bring them to my attention so we can take appropriate measures.

HEALTH AND WELFARE

DANGER TO CHILDREN FROM HOUSEHOLD PRODUCTS

On the orders of the day:

Mr. Hubert Badanai (Fort William): I wish to direct a question to the Minister of National Health and Welfare. Is the minister aware of a report to the effect that the food and drug administration of the United States has warned that ordinary products for household use cause 500 children's deaths each year and poison 600,000 more in the United States, and that a bill is now before congress calling for labelling as dangerous any detergents, waxes, furniture polish, bleaches, paints and other home cleaning aids that are poisonous, corrosive or inflamable? If so, is the Canadian government considering the introduction of similar measures in Canada?

[Mr. Harkness.]

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, my department is fully aware of the hazards accompanying the use of several household products. The situation with respect to these dangers has been under close study and scrutiny in Canada for the past number of years. Present legislation within my department covers the drug aspect. The more general question has been taken up with the industry, and discussions are still going on.

HOUSE OF COMMONS

INQUIRY AS TO INCREASED INDEMNITIES FOR MEMBERS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Prime Minister and ask him whether his attention has been drawn to an article in this morning's *Globe and Mail* to the effect that indemnities of members of the Ontario legislature are to be increased, and whether similar action is planned with respect to this house.

Right Hon. J. G. Diefenbaker (Prime Minister): To the first question, yes; to the second question, no.

THE CANADIAN ECONOMY

NATIONAL ENERGY BOARD—INQUIRY AS TO REPORT

On the orders of the day:

Mr. Arthur Smith (Calgary South): Mr. Speaker, in view of the great interest in the country as a whole, and particularly in the province of Alberta, I wonder whether the Minister of Trade and Commerce can confirm speculation that the government has received the national energy board report. If so, when does the government intend to take action on the report?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, the report has been received.

Mr. McIlraith: It depends on who asks the question.

Mr. Churchill: I hope before the house rises today to inform the house as to that matter and when the decision of the government will be announced.

Mr. Hazen Argue (Assiniboia): May I ask a supplementary question. Can the minister say whether the government's policy in this regard has now been decided?

Mr. Churchill: All of this will be indicated in due course.

Mr. Argue: As a further supplementary question, does this answer mean the minister's statement that policy will be arrived at before the end of March has now been set aside?

Mr. Churchill: There has been no setting aside of anything, and no change in the announcement I have made earlier.

Mr. Argue: Has the policy been decided?

FLOODS

MANITOBA—FEDERAL ASSISTANCE IN RED RIVER CONTROL PLAN

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the minister of northern affairs whether an agreement has yet been reached with the government of Manitoba with regard to the sharing of the cost of flood control on the Red river.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): No, Mr. Speaker.

Mr. Pickersgill: Can the minister say whether negotiations are actively being carried on at the present time, particularly in the light of the statement he made last summer that the two governments had practically reached agreement?

Mr. Hamilton (Qu'Appelle): These matters take a little time, Mr. Speaker. There is give and take on both sides, and when some decision is arrived at the house will be made aware of it.

Mr. Pickersgill: Can the minister say whether negotiations are going on at the present time?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Speaker.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT

ALTERNATIVE ARRANGEMENTS FOR UNIVERSITY GRANTS—EXTENSION OF INDIVIDUAL INCOME TAX RATE

The house resumed from Friday, March 18, consideration in committee of the following resolution—Mr. Fleming (Eglinton)—Mr. Flynn in the chair:

That it is expedient to introduce a measure to amend the Federal-Provincial Tax-Sharing Arrangements Act to provide certain alternative arrangements for payment, either by Canada through the Canadian Universities Foundation or directly by a province, of the grants to institutions of higher learning presently paid under the authority of the Appropriation Act: and also to extend for a further period of two years the rate of 13 per cent for standard individual income tax for the purpose of calculating the tax equalization payments to the provinces and the amounts payable to the provinces under the tax rental agreements.

(Translation):

Mr. Dorion: Mr. Chairman, when the debate was adjourned the other day, I was recalling certain remarks made last year by the hon. member for Megantic (Mr. Roberge) in justification of his stand on federal grants to universities. In his view, the exclusive rights of the provinces in the field of education, under section 93 of the act of 1867, did not apply to institutions of higher learning, and his suggestion, one of great import, was summed up as follows:

Therefore, I repeat that, in my opinion, the fathers of confederation, acting in good faith, have given no consideration whatever to universities, when the provision on education was inserted in section 93.

Without going that far, the hon. member for Laurier (Mr. Chevrier) said on July 18 last something that amounted to about the same thing, as reported on page 6374 of *Hansard* of that date. I quote:

Since they were established in 1951 we have always said that such grants—

The federal grants to universities.

—were constitutional.

And as if to convince himself further, the hon. member went on to say:

This system of grants was established as a direct compensation to Canadian universities for the national and international role that they are called upon to play and which greatly benefits the nation as a whole and the federal government itself.

Three days later, that statement of the hon. member for Laurier prompted Mr. Gerard Filion, manager of *Le Devoir*, to make the following comments:

Need we again point out that the Liberal theory put forward by Mr. Chevrier is basically unacceptable. According to the hon. member for Laurier, university grants are justified by the national and international character of those institutions of higher learning. It will be noted that the former minister fails to base his arguments on legal grounds—

This is still Mr. Filion speaking.

—because the texts are perfectly clear. Only the provinces have the right to legislate in educational matters, which implies that they have an exclusive right to collect funds for the maintenance of schools.

Indeed, Mr. Chairman, the hon. members for Laurier and Megantic would have had quite a bit of trouble finding some legal basis for their statements. To suggest, as did the hon. member for Megantic, that the fathers of confederation never had universities or higher education in mind, when they conferred upon the provinces exclusive powers in the educational field, is to have a very poor opinion of the knowledge and foresight of the Macdonalds, Cartiers and

others. What is more, this is an historical error which should be refuted if to prevent the serious consequences to which it might again expose us.

In the first place, Mr. Chairman, contrary to what the hon. member for Megantic seems to think, Laval was not the only Quebec university in 1867. There were also Bishop and McGill colleges. Furthermore, there were already some classical colleges where, in half the courses, university training in the Anglo-Saxon sense of the word, was being provided.

In fact, if we refer to the French edition of the *Journal of Public Education*, for that date, we see that, as early as March 1857, there were in United Canada five universities, two of them in Upper Canada and thirty three colleges, twenty five of them in Lower Canada.

If, at the time of confederation, Laval University was not yet getting any help from the government, the situation was different with regard to McGill and Bishop colleges, and I would refer the hon. member to the *Journal of Education*, English version, of 1864, volume 80, pages 157 and 158. Moreover, he will find there a list of eleven colleges that were already receiving grants. I fail to see how the politicians of 1867 were unaware of those facts.

Besides, the grants were being drawn out of specific funds and distributed under existing laws. In fact, if we refer to the revised statutes of Lower Canada, 1860, chapter 15, Part 3, we find there an "act concerning a provincial allowance in favour of higher education—and normal and common schools". It establishes an investment fund made up mostly of assets confiscated from the Jesuits. The superintendent of education for Lower Canada, in conjunction with the governor in council, is entrusted with the distribution of the returns. I quote section 6:

—for and between such universities, colleges, seminaries, academies, lycées or high schools, model schools and educational institutions, other than ordinary elementary schools.

On the other hand, in chapter XVII of the same statutes, there is the act concerning the Royal Institute for the Advancement of Science. According to that act, which incidentally, is but the outcome of several laws enacted over nearly a quarter of a century, the trustees are incorporated and their corporation holds in trust all lands and property donated by the founder of McGill college and by other benefactors, to help that institution carry on its mission.

How can we imagine that our legislators, in 1867, were unaware of those laws? Quite the contrary, they knew them so well that, in Appendix 4 of the act of 1867, they had considered as an "asset becoming the common property of Ontario and Quebec", among other things:

—the capital assets of universities—

And also:

—the Royal Institute.

Is that not clear and precise enough?

And there is more. When the federal statutes were revised in 1887, the commissioners who were setting out the matters over which the respective powers had jurisdiction pointed out very clearly that both the above-mentioned laws should be embodied in the revised statutes of Lower Canada.

In the light of those facts and laws, I am surely justified in coming to the conclusion that not only did our public men, in 1867, have both universities and classical colleges in mind when they sought and obtained from the imperial parliament that the provinces have exclusive jurisdiction over education, but in transferring to them the public funds, which, at the time, served to provide in part for those schools of higher learning, they clearly indicated their wish to let the provinces subsidize those schools. And this will, far from being merely a whim, fulfilled the essential conditions laid down by Lower Canada for joining the confederation. I turn to the testimony of George Brown himself who stated:

(Text):

Education, the rights of property and the civil law, we were compelled to leave to the local governments, in order to afford that protection which the lower Canadians claim for their language and their laws and their peculiar institutions.

(Translation):

Reference: Edward Whelan, The Union of the British provinces, 1865, page 187.

If we assume that federal participation in the financing of universities had really been in accord with the constitution, how can we imagine that none of our government leaders for more than 80 years, had not an inkling of it being so. Have they been remiss in their obligations towards institutions of higher learning, or were they simply poor ignoramuses? Because, let us not forget it, it is only through the Massey commission report, published on June 1, 1951, that the great discovery was made on the basis of which it was recommended:

—that the federal government make annual contributions to support the work of the universities on the basis of the population of each of the provinces of Canada.

And it was in that same month, June of that year, that was passed as the first contribution of the kind since confederation.

Once the precedent had been set—and Heaven knows the power of precedent under British law—it seemed only natural to repeat it in 1952, especially as the Massey report recommendation explicitly mentioned the word "annual". However, in that particular instance, important amendments were made to the terms of item No. 699, which then remained unchanged until 1956.

First, under the 1952 legislation, institutions qualifying for grants had to be recognized both by the federal government and by the provincial government in the province where they were operating. Moreover—and this is even more serious—the federal Minister of Finance was given the responsibility of defining the expressions "university level" and "university degree". And to give practical application to this utterly fantastic power, the government, on January 9, 1952, passed order in council P.C. 123, which gave a federal definition of those terms, and also of the terms "student" and "university". Just as a sample, let me quote the definition given of the phrase "university level":

> With regard to a province, a more advanced curriculum than is generally accepted in the provinces as a prerequisite to university enrolment.

That, you must admit, was a dangerous definition, the terms being so vague and indefinite.

Far from improving the situation, those conditions and terms only made it worse. In the province of Quebec, in particular, where universities and affiliated classical colleges control their own curricula and enjoy the greatest degree of freedom, a freedom that enables them to maintain the peculiar character of our educational system which is so well adapted to the cultural traditions of our people, how could such an intrusion be accepted in a field which the province regards with such pride and jealousy? That time, no further compromise was possible, and federal grants were spectacularly rejected.

There was another and quite serious danger. In a country like ours, where two living cultures are found beside each other, where programs and methods of education are based on either of them according to the ethnical element for which they are meant, where the structures of our institutions of higher learning differ among themselves as much as Quebec differs from the other provinces, it was extremely dangerous to give to each of the four designations "student", "university", "university level" and "university degree" a single definition applying to the whole country. Thus, according to a remark made by the Rev. Father Vanier, who was rector of Jean-de-Brebeuf college, "the heart and soul of the Anglo-Saxon type of universities is the "college", especially the faculty of arts and sciences where the student registers after the four or five years high school course, whereas, generally speaking, in Quebec, the B.A. degree which opens the door to the great faculties, is awarded only to students who have followed courses in letters, philosophy and applied sciences during four additional years at college.

Both those methods give excellent results; but I point out those facts only to show one of the basic differences between them, differences that the legislator had to take into consideration.

Is it surprising, after that—and it is the same educator who recalled it in December 1956—that newspapers from Halifax to Vancouver charged those who were responsible for this policy of federal grants to universities with the secret desire of achieving cultural unification and with endeavouring to put an end to the particularism of the province of Quebec.

The Minister of Finance will have had the merit of recognizing the full implications of the extremely serious objections we had made to the policy adopted by the federal government in 1951. Rejecting certain suggestions made by the hon. member for Laurier, he expressed his views on July 19 of last year, in these words:

> The province of Quebec has a point of view in regard to education which I think all hon. members of this committee have a duty to recognize. It is patent that a different view altogether is taken of this subject in the province of Quebec from the view that is taken in the other provinces of Canada.

I am still quoting from the minister's statement:

> Those who know the history of the province of Quebec understand the point of view of that province today and will know that Quebec regards this exclusive jurisdiction over education as something fundamental to the ethnic survival of that province and its people. This has been the view of the people of Quebec down through the years, that its jurisdiction over education is the sheet anchor of the survival of the culture, the language and the institutions of the province.

The minister added:

> I also say to the members of this committee that at this time no modification can be introduced into this item since the item has been known to universities which are free to accept their share and they are counting on it.

And the Minister of Finance went on to say:

> But, Mr. Chairman, having regard to the fact that nearly all of the universities of one province of this country are not receiving their share of these grants, before such an item or any item on this subject is presented to the house in another

year a most intensive effort must be made to grapple with this very great difficulty. For my part, I give the committee my personal assurance that anything I can do to help to resolve this difficulty will certainly be done if effort and understanding can do it.

Those comments and this solemn pledge fully answered the wish that some of us Conservative members of the province of Quebec, had felt bound to express clearly and frankly. For my part, dealing with this problem in the house on April 22, 1959, I pointed out among other things—I apologize for quoting from my own speech—the following:

Whatever may be the value and strength of the precedent, in a federated country such as ours, the rights and powers conferred by the constitution are not subject to prescription. They never lapse. And this tenet is all the more to the point since the province of Quebec has never failed to abide by section 93 in its entirety. Therefore its position is absolutely unassailable and every effort of this government, in co-operation with the government of Quebec, should aim at finding as soon as possible a way to settle this thorny problem and to make it easier for the province to exercise its powers most freely in this field.

Then, after putting forward a few suggestions, I concluded with the following words:

I repeat, Mr. Speaker—and I close my remarks with that statement—that, faced with the importance of that problem of federal grants to university teaching; faced with the conflicts of opinions which they arouse in the province of Quebec; faced with the resistance shown by the Quebec government, in order to fully retain the exercise of a right all its own; faced with the deep-seated reasons motivating its attachment to that right, its will to defend and maintain it, I do hope the problem will be on the agenda of the next federal-provincial conference; that it will be approached and discussed with frankness and in a spirit of co-operation and, above all, I do hope it will be solved through some agreement. That will take into account the very basis of federalism, which may be summed up in two words: unity in diversity.

Since then, there have been talks between the Right Hon. Prime Minister of Canada and the hon. Minister of Finance, and the three premiers who, over a very short period of time, have successively headed the province of Quebec. This resolution is, in a way, the outcome of the courageous efforts made on both sides. Although, in principle, it remains based on the precedent of 1951 which, since then, has recurred each year, it might open the way to provinces that will see fit to use the taxation rights to which they are entitled and which they need to subsidize higher learning. It indicates, in the minds of our leaders, a tendency that Mr. Andre Laurendeau in *Le Devoir* of December 30, 1959—

The Chairman: Order. I regret to interrupt the hon. member, but his time has expired.

Mr. Bourget: Carry on.

[Mr. Dorion.]

(Text):

Mr. Pickersgill: Let him continue.

The Chairman: Is the committee agreeable?

Some hon. Members: Agreed.

(Translation):

Mr. Dorion: Thank you, Mr. Chairman, thank you my dear colleagues.

It indicates, in the minds of our leaders, a tendency that Mr. Andre Laurendeau, in *Le Devoir* of December 30, 1959, described as definite, sound and shrewd. It takes into account political realities, by giving the provinces, in a matter over which they have exclusive jurisdiction, a chance to assume, if they so wish, obligations which the constitution clearly ascribes to them. It will allow the province of Quebec, in particular, to carry out the comprehensive plans it has in mind to substantially increase its contribution to our higher learning institutions, whose lofty mission consists in training the leaders of our ethnic communities. Let us hope that many of them will follow suit and eventually recognize that the best and surest basis for the solution of our national problems still lies in absolute and integral respect for the Canadian constitution.

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

Mr. Dorion: Of course, you may.

Mr. Pickersgill: I shall ask it in English and the hon. member may reply in French.

(Text):

I understood the hon. gentleman to quote with approval a citation to the effect that the provincial government of Quebec had been giving assistance to institutions of higher learning outside the province of Quebec. Am I correct in thinking that the hon. gentleman did quote such a citation with approval? I refer to the University of Ottawa, for example. Do I understand that the hon. gentleman approves of that conduct?

Mr. Dorion: I should like to reply in English but I may not be able to do it too distinctly, and I shall therefore reply in French.

(Translation):

Well, Mr. Chairman, it is true that the province of Quebec has on occasion contributed funds to the University of Ottawa, and also, I think, to certain universities in Nova Scotia. I must say however that

they were donations voted by the provincial legislature, and whether it was on an annual basis, I cannot say. They are donations voted by the Quebec legislature to help other French groups, or rather universities attended by French-speaking students.

As far as I know it is on that basis that such donations are sometimes voted for the benefit of those educational institutions of French culture.

(Text):

Mr. Pickersgill: Will the hon. gentleman permit a second question? Will the hon. gentleman explain to me what is the difference in principle between the government of Quebec voting money to institutions outside that province, which are under the jurisdiction of another province, and the parliament of Canada voting money to free institutions in this free country of Canada, say for example those of the English language in the province of Quebec, with no strings attached; voted annually, as they were in this parliament? Can the hon. gentleman explain to me any difference in principle there?

Mr. Dorion: Yes. The difference is in the constitution: the difference is in section 93. By section 93 this power is given to the provinces; it is not given to the federal government.

Mr. Pickersgill: Does the hon. gentleman think the government of Quebec has any right to be giving money to a university in Ontario, and thereby, according to him, to interfere with the educational autonomy of the province of Ontario?

Mr. Dorion: It is quite different. First of all, the right is inscribed in section 93 without any reservation at all. Second, the province of Quebec has a role to play in Canada because there is a French ethnic group in the country, and the province of Quebec has cultural obligations not only in the province but in all Canada.

Some hon. Members: Oh, no.

Mr. Dorion: In all Canada; and that is why the province of Quebec by his government voted certain grants to universities outside of Quebec, at the request of those universities and with the implied consent of the governments of those provinces.

(Translation):

Mr. Leduc: Mr. Chairman, in rising to take part in the debate on this resolution, I realize I am treading on very dangerous ground and I know that in this house, as well as in the province of Quebec people are divided on this issue.

Before going into my remarks, let me first read the resolution:

> Resolved, That it is expedient to introduce a measure to amend the Federal-Provincial Tax-Sharing Arrangements Act to provide certain alternative arrangements for payment, either by Canada through the Canadian Universities Foundation or directly by a province, of the grants to institutions of higher learning presently paid under the authority of the Appropriation Act: and also to extend for a further period of two years the rate of 13 per cent for standard individual income tax for the purpose of calculating the tax equalization payments to the provinces and the amounts payable to the provinces under the tax rental agreements.

There are therefore two parts to this resolution. The first deals with arrangements between the federal government and the provinces with regard to grants to universities.

All hon. members know that in the province of Quebec the universities since 1951-52 have been forced by the government, and particularly by the former premier of Quebec, the Hon. Maurice Duplessis, to refuse the grants offered to them by the federal government.

As I say, universities had been forced by the former premier of the province of Quebec, because he told them openly: Leaders of universities and classical colleges must choose between grants from Ottawa and grants from Quebec.

Mr. Johnson: Would the hon. member allow me a question?

Mr. Leduc: Mr. Chairman, as soon as I am through with my remarks, I shall be pleased to answer the hon. member's questions.

As I was saying in 1952 the federal government offered grants to the universities on a 50 cent per capita basis in each province. In the meantime, the basis has been raised. It was raised to $1 per capita in 1956, and in 1957-58 the present government raised it to $1.50 per capita. As I was saying, at that time the universities had to choose between federal grants and provincial grants.

After receiving an amount of $2,225,800 for the year 1951-52, the universities accepted federal grants that year only and then were deprived of them because of the stand taken by the former Quebec premier, Hon. Mr. Duplessis.

The universities will now be getting federal grants, especially those that have been paid since 1956, because the former prime minister, Mr. St. Laurent, was wise enough

to amend the legislation in 1955, and to create a fund for the benefit of the universities that were not free at that time to accept federal grants. Those grants were then placed in a fund that would be at the disposal of the universities when they would be free to collect them. But from 1952 to 1956, our universities did not get anything from the federal government during those four years, Quebec universities and classical colleges have lost more than $8 million, an amount that they will never be able to collect.

Mr. Martel: This is not true, they got more money in another way. It is absolutely untrue.

Mr. Johnson: Would the hon. member allow me a question?

Mr. Leduc: Wait until I have finished my speech to put your questions.

Mr. Johnson: You should have Mr. Lamontagne correct your figures.

Mr. Leduc: Besides, you will have a chance to make your own speech and to try to prove I am not telling the truth.

Mr. Chairman, some members have claimed that it was the present government and the Hon. Paul Sauve, the former Quebec premier, who had made possible the settlement of the thorny question of grants to universities.

Mr. Ricard: You have admitted it yourselves.

Mr. Leduc: I admit—

Mr. Ricard: The hon. member for Laurier (Mr. Chevrier) admitted it.

Mr. Leduc: I give credit to the Hon. Paul Sauve for changing the Quebec government policy, and I also give credit to the present federal government for making a suggestion to the Quebec government in order to settle this problem.

It was easy for the Minister of Finance (Mr. Fleming) to make a suggestion to the Quebec government. All he had to do was to refer to page 771 of *Hansard* of January 29, 1957, where he could read part of the speech made by the Solicitor General (Mr. Balcer) who, in 1957, had found the formula and explained it in this house. Why has the problem not been settled since 1957? The reason is very simple—

Mr. Johnson: The Liberals would not agree.

[Mr. Leduc.]

Mr. Leduc: That was because Mr. Duplessis did not want to settle the matter. He did not want to settle with Mr. St. Laurent and the Liberal party nor did he want to settle it with the Conservative party. Do you know what brought about that settlement? It is very simple—

Mr. Ricard: Not you or your friends, anyhow.

Mr. Leduc: Providence settled the issue—

Mr. Ricard: I thought the Grits had done it.

Mr. Balcer: Providence sides with the government.

Mr. Leduc: Mr. Chairman, Providence settled the problem by calling back Mr. Duplessis. After Mr. Duplessis had gone, the solution was ready-made, as the hon. Solicitor General had given a formula in this respect to Mr. Duplessis and his government.

I have great respect and admiration for Mr. Paul Sauve because in the few months during which he was at the head of the province of Quebec, he did a tremendous job, and changed the whole policy. I would even say that he changed Mr. Duplessis' nefarious policy of provincial autonomy. His first move was to come to Ottawa for talks with the federal authorities to determine whether there would not be ways and means to find a common basis of understanding, so that universities and classical colleges in Quebec, which need financial assistance—as do all other institutions of higher learning of this kind in Canada—could collect and receive the $26,238,678 set aside for them.

They were not long talks. Matters were discussed in a few meetings, and Mr. Sauve and the federal government agreed upon a formula. In the Quebec legislature a bill was introduced and passed, and we are now asked to vote on an introductory resolution to a bill to amend the present federal act so that, in future, universities and classical colleges in Quebec may benefit from federal grants like any other institution in this country, with no strings attached.

When the bill is introduced, we shall see whether it goes against the constitution or the autonomy of the province of Quebec.

Mr. Chairman, I have always been baffled by the attitude of some Conservative members in this house, and by the attitude of the government of the province of Quebec, and

more particularly that of Mr. Duplessis who suggested that his position was logical, because the federal government wanted to interfere in the field of education in the province of Quebec.

Mr. Martel: It is true, and he was right in making that statement.

Mr. Leduc: It is certainly not true, and I shall prove to you that Mr. Duplessis' argument was faulty. He made provincial autonomy and provincial education his battle cry during election campaigns. They stood him in good stead for a time, but they were being ridden to death, and that is why the present provincial government is discarding Mr. Duplessis' favourite topic.

Mr. Ricard: He stifled the Liberal party and routed the Grits.

Mr. Leduc: Mr. Duplessis—

Mr. Johnson: He is now annihilating Mr. Lesage.

Mr. Leduc: Mr. Chairman, between 1945 and 1956, the provincial government of Quebec accepted federal government grants amounting to $6,014,475 for technical and professional training purposes. I have before me the list of grants awarded to technical schools, including those of Cap de la Madeleine, Chicoutimi, Hull, Joliette, St. Hyacinthe, etc.

Am I expected to believe that the province of Quebec has no jurisdiction over those schools in matters of education? Is there a single member in this house who could prove that the province of Quebec is not entirely responsible for education in all those vocational and technical schools?

The hon. Mr. Duplessis has accepted the federal grants in this field; he also has accepted, between 1945 and 1956, another amount of $11,458,716.58 for technical education in the province of Quebec.

Now, Mr. Chairman, it is easy to show that Mr. Duplessis was not being consistent, because while he was blaming or trying to blame the federal government for intervening in education in the province of Quebec, he and his government had granted $50,000 to the University of Ottawa in 1948 and in 1949. It was a grant made to an Ontario university.

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

Mr. Johnson: Are you going to hold that against him?

Mr. Leduc: I have never held it against him.

Mr. Paul: Could the hon. member explain to me the difference between a grant and a gift?

Mr. Leduc: Grants paid by the federal government come under this bill. We are making a certain amount of money available to the provinces. The hon. member for Bellechasse (Mr. Dorion), an expert on constitutional law, told us a moment ago that the province of Quebec put through a bill voting $50 million to the University of Ottawa—

Mr. Paul: $50,000.

Mr. Leduc: $50,000.

Mr. Paul: Was it a grant or a gift?

Mr. Leduc: In my view there is no difference at all. Whether it is called a grant or a gift, it is an amount of money which is being donated; a sum which has been voted. You cannot get out of it.

Mr. Deschatelets: They have always been inconsistent.

Mr. Lessard: It is hurting them.

Mr. Ricard: It is hurting you even more.

Mr. Leduc: I was asked just now if I held it against Mr. Duplessis for giving money to the University of Ottawa. Far from it; on the contrary, I congratulate him.

The only thing I hold against Mr. Duplessis and the Union Nationale government is their failure to accept federal grants for those institutions in the province of Quebec, and not only for institutions of higher learning, but in various other fields, where the province of Quebec lost much. Mr. Duplessis' stubbornness has cost the province more than half a billion. Today the province cannot get from the government the amounts it had refused. Nobody among the Conservative members who support the Union Nationale can contend that Quebec can recover from the Ottawa government the $50 million or so a year which it would have received under the hospital insurance and diagnostic services plan like all the other provinces if the province of Quebec had not refused to share in this plan.

The federal government has made payments to all the other Canadian provinces so that Quebec has to pay part of the federal share for hospital schemes in other provinces, and Quebec itself is getting nothing. However, the province has to pay for its own

hospital care, and has to share in hospital costs for people in other provinces.

That is one of the reasons we are so heavily taxed in the province of Quebec.

Mr. Martel: Prove it.

Mr. Leduc: You will get the proof.

An hon. Member: Yes, go ahead and prove it.

Mr. Leduc: Do you know of any other province in Canada with a personal income tax—

Some hon. Members: Order. Order.

Mr. Leduc: The Quebec tax is—

Mr. Martel: Deductible from the federal tax.

The Chairman: Order.

Mr. Morissette: The hon. member is getting mixed up.

The Chairman: I would ask the hon. member for Gatineau to stick more closely to the subject matter of the debate, because otherwise we are going to cover too wide a field of discussion.

Mr. Ricard: Grasp all, lose all.

Mr. Leduc: I have tried to inform my hon. friends—

Some hon. Members: Oh, oh.

Mr. Leduc: But I am surprised that the province of Quebec—

Mr. Bourget: You are always there with your interjections; stand on your feet and stop interrupting as you are doing now.

Mr. Leduc: However, Mr. Chairman, allow me to say that I am fully in favour of grants to all universities and classical colleges of Canada.

It is very easy to understand the reasons why the federal government has instituted those grants. It has instituted them at the request of the majority of the provinces. As all hon. members know, in some provinces universities give technical and professional training to their citizens, and when the latter graduate instead of remaining in their own province to give it the benefit of their knowledge they have to go, in many cases, into another province to find work, so that it is the other provinces which benefit from the amounts paid by the citizens of one province to train part of the population. It is only fair that, in return, the federal government should redistribute certain grants to the universities and classical colleges of Canada.

[Mr. Leduc.]

As I was saying, Mr. Chairman, the province of Quebec lost considerable amounts for educational purposes, and I feel sure that in accepting the new formula, Quebec universities and classical colleges will be getting something to which they are entitled, because from the letter or letters, or the exchange of letters, between the former premier of the province of Quebec, the hon. Mr. Paul Sauve, and the Prime Minister of Canada (Mr. Diefenbaker), it is my understanding that only the tax collector is changed, and nothing else.

At the present time, Ottawa collects the taxes and redistributes them to universities on the basis of $1.50 per capita in each province. Under the new formula, no longer will Ottawa be collecting those funds and distributing them to the various universities. That will be done by the province or provinces. So far, however, only the province of Quebec has expressed the desire to collect this 1 per cent tax on corporations. An interesting point is that, according to the correspondence, the province of Quebec will not be allowed to keep this 1 per cent; it will only be allowed to keep the equivalent of $1.50 multiplied by its population. The balance will be handed over to Ottawa, which will keep it.

The position has changed. Now the province of Quebec will collect the tax instead of Ottawa.

I have nothing more to add to my remarks. I shall wait to study the bill, and I shall probably have further comments to make at that time.

Mr. English: Mr. Chairman, would the hon. member allow me a question? When the hon. member mentioned that our universities refused the federal grants because of threats made by the former premier of Quebec, did he mean that our universities and teachers were motivated not by principle but by fear?

Mr. Leduc: From what I have read, our universities—

An hon. Member: Where did you read it?

Mr. Leduc: —from statements made by certain newspapers, have been forced to refuse the grants.

Mr. Johnson: Mr. Chairman, I am still waiting for an opportunity to direct a question to the hon. member for Gatineau. If I understood him correctly, the hon. member for Gatineau said—

Some hon. Members: Question.

Mr. Johnson: —that Mr. Duplessis had openly told the universities in the province of Quebec that they were to refuse the federal grants, or else they would get no grants from the province. Could the hon. member for Gatineau quote a citation, a sentence, a statement, from a university rector or from anyone authorized by any university, establishing that the hon. premier of Quebec at the time had made such a statement or such a threat to the universities in the province?

An hon. Member: Cyril James.

Mr. Leduc: Mr. Chairman—

Some hon. Members: Give us the quotation.

Mr. Brassard (Lapointe): It appeared in the Montreal *Gazette*.

Mr. Leduc: Mr. Chairman, I am most surprised to find a member of the Union nationale—

Mr. Johnson: I do not ask you to make a speech, but merely to answer the question.

Mr. Leduc: —a supporter of the Union Nationale knowing so little about happenings with regard to university grants in his province. Everybody in Quebec, except you, knows what Mr. Duplessis did. The whole people of Quebec know that Mr. Duplessis told the universities: You may choose between the Ottawa grant and the Quebec grant.

An hon. Member: That is right.

Mr. Leduc: It was a question of choosing between the Ottawa grant and a Quebec subsidy. Everybody knows that.

Mr. Johnson: Mr. Chairman, on a point of order. I am asking the hon. member a specific question, but instead of answering he resorts to cheap humourous remarks. I asked him to quote a text and not to make any gratuitous statements or repeat what his fellow members around him tell him to say. But I have another question to ask the hon. member. Can he maintain—

The Chairman: I think that this exchange of questions and answers has lasted long enough. I give the floor to the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon).

Mr. Johnson: Mr. Chairman, when I wanted to ask the hon. member for Gatineau (Mr. Leduc) that question, he refused to answer it at the time and told me that I would have the opportunity to ask it when he finished his speech.

I therefore ask him to be loyal and allow me to put another question.

Mr. Leduc: I shall answer it.

The Chairman: This is not a matter of the hon. member for Gatineau refusing to answer questions, it is that the Chair believes that in order to ensure an orderly debate, this exchange of questions and answers should be interrupted. I therefore give the floor to the hon. member for Joliette-L'Assomption-Montcalm. May I add that the time of the hon. member for Gatineau had expired.

Mr. Pigeon: Mr. Chairman, referring to the discussions in the House of Commons on Saturday, July 18, 1959—

(Text):

The Chairman: Order. The hon. member for Port Arthur. I recognize the hon. member for Joliette-L'Assomption-Montcalm.

Mr. Fisher: I do not hesitate to put forward the traditional argument, since we seem to be among traditionalists. Usually, in the discussion of a resolution, our party has the opportunity of having the third speaker. I have been here and have been ready to get into the debate. This practice has worked consistently. I do not want to make a big issue of it, but I think I was on my feet as soon as the hon. member for Joliette-L'Assomption-Montcalm, and I would appreciate recognition.

Mr. Fleming (Eglinton): I wonder whether the hon. member has overlooked the fact that this is the second day of debate. There was an earlier day of debate on this resolution.

The Chairman: When the debate started, following the speech of the minister the hon. member for Bonavista-Twillingate and the hon. member for Kootenay West were recognized. After the three first speakers have been heard I think the rule has been to alternate between the two sides of the chamber. That is why I recognized the hon. member for Joliette-L'Assomption-Montcalm.

(Translation):

Mr. Pigeon: Mr. Chairman, if we refer to *Hansard* of Saturday, July 18, 1959, when university grants were being discussed, we note that the Minister of Finance (Mr. Fleming) replied as follows to the hon. member for Laurier:

> Every university that I know of in Canada is subject to provincial jurisdiction. There is no such thing as a university created by federal authority, and the same applies to municipalities.
>
> Therefore, Mr. Chairman, it is made quite clear that these were referred to as provincial institutions, and I think hon. members will conclude that the hon. member for Laurier was drawing a very long bow when he suggested that this

reference to universities as provincial institutions connoted some thought of making federal contributions to the cost of primary and secondary education. Nothing could be further from the truth. Nothing could be further from the intention of the government.

This quotation from the Minister of Finance may be found on page 6391 of *Hansard* for July 18, 1959.

The hon. member for Gatineau (Mr. Leduc) was rather critical a moment ago, and he made a comparison which, in my opinion, was not proper when he referred to gifts made by the Quebec government to certain educational institutions in other provinces. I would point out to him that education is under provincial jurisdiction and that even if the province of Quebec made a gift to the Ottawa university I do not believe that in so doing it interfered with the rights of the Ontario government in that field.

Besides, a grant always has certain conditions attached to it. A grant has always strings attached to it, whereas a gift is unconditional. A gift may be refused or accepted. A grant has always conditions attached to it.

I should like to congratulate the Minister of Finance who, in co-operation with the Quebec premier, has worked out an agreement on this problem.

We cannot forget the sincere attitude adopted by Quebec premiers who have taken part in those negotiations for many years. Mr. Duplessis has stoutly defended the rights of an autonomist province within a great confederation. Mr. Duplessis, in my opinion, was actually voicing the opinion of his province, the province of Quebec, in basing himself on the constitution. Everybody knows, besides, that the Tremblay report agrees with the attitude taken by the premier of Quebec at the time. The educational institutions, the elite, in a word the whole province of Quebec, have supported the late Hon. Maurice Duplessis who, for a while, was the only one in the country to defend the autonomy of the province of Quebec, and thus of all the other provinces. In fact, several premiers said later that Maurice Duplessis was right, that the federal government was going too far in too many fields which do not concern it.

Need I call to witness a Liberal from Newfoundland who thoroughly agrees with the stand the late Hon. Mr. Duplessis had taken. In fact *Le Devoir* of July 20, 1959 said:

Liberal senator Wishart Robertson, just before the adoption by the Senate Saturday of the act concerning the grants to Newfoundland, said that the federal-provincial tax-sharing agreements were ridiculous and nonsensical. "We have given rise," he said, "to an absurd situation where a government collects money to give it to other governments—This system has made suppliants of at least eight of the ten provincial governments—It results in unending controversies which, in my opinion, will only become worse in the immediate future. The attitude of Premier Duplessis towards this ridiculous problem is more logical than that of the other federal and provincial negotiators", the senator added. He simplifies the problem in these words: "Give up a field to us and we will collect our own taxes and we will pay our own expenditures."

Mr. Chairman, Hon. Maurice Duplessis not only expressed the point of view, as I said earlier, of the province of Quebec, but also that of all the provinces, because he wanted to safeguard the confederation pact. Besides, he had the support of the people of Quebec.

His successor endeavoured to find a middle term to bring about an agreement. Unfortunately, death came to him suddenly. Thus, it became the responsibility of the present premier of Quebec, whom I have the honour to have among my loyal constituents, to bring a true solution to this crucial problem.

Mr. Chairman, the agreement between the federal government and the province of Quebec will be an example. This gesture will not only consolidate national unity, but will contribute to the formation of a truly Canadian mentality.

The problem of the relations between the federal parliament and the provincial legislatures is as old as confederation itself. We can even say that the problem existed before, since as early as the Charlottetown meeting in 1864, it became quite clear that the apportionment of powers within the framework of a federal state would not be achieved without certain clashes and incidents.

It is not our purpose to attempt today to solve that problem or even to find a cure-all formula for all the evils resulting from the co-existence of a federal state and ten provincial governments.

The British North America Act is a document bearing the stamp of wisdom resulting from the long experience which initiators acquired through their contacts with the Canadian people in the administration of public affairs. The fathers of confederation devoted many years to draft a final text which was to combine with its nature of a pact between the contracting parties the legislative character resulting from its promulgation as an imperial statute. The fathers of confederation did

not delude themselves as to the difficulty of the problems which were arising and which would arise between the federal authority and the provincial entities.

Therefore it was clearly stated in section 93 of the British North America Act what would be the respective powers of the central government and of the provinces. However, nothing is final in this world, not even a British law, and that is why since 1867 many commissions have been established to study certain aspects of the relations between the federal authority and the provinces. Those of us who have had the opportunity and the patience to read the voluminous report of the Rowell-Sirois commission which report, incidentally, was centralistic, or the reports of the various federal-provincial conferences were amazed, not to say dumbfounded, at the complexity of the problems and especially of the differences of opinions put forward by the various parties concerned. It is no use deluding ourselves; there is something wrong between the federal government and the provinces. Speeches and briefs dealing with that problem clearly indicate two different stands, perhaps not irreconcilable, but certainly diametrically opposed. The federal government and the provinces do not speak the same language and that is the cause of the increasing difficulties.

Under the terms of the constitution itself, Ottawa has certain clearly defined powers while the provinces have others also well spelled out. But besides that the federal government has what we call the residual powers, which means that all that is not specifically provincial is automatically federal, and even as members of this house, we are not at all convinced that this solution is a very appropriate one. The federal government is jealous of its prerogatives and rightly so. We would be the first to rise as one to defend the rights of federal government against any threat from within or from without. We do not want foreign countries to tell us how to administer our country, just as we have no intention to be dictated to by the provinces.

On the other hand, if we have those rights, the provinces also have theirs, and it would be ungracious not to recognize it. No province is thinking of encroaching on the federal field, and we fail to see why the Ottawa government would be presumptuous to the point of wanting to substitute itself to the provincial authorities in the fields vested in them.

I would point out, as an example, that under the constitution of Canada, indirect taxation and certain rights in the field of direct taxation come within the exclusive jurisdiction of the federal government. The same constitution imposes specific and important obligations on the provinces, wherefrom it ensues that the same provinces have a right to collect a revenue from direct taxes. This is true to such a degree that for more that half a century there was no question about the collection of direct taxes. And even when federal income tax was established, the federal minister of finance stated that it was only a temporary measure to be considered as a wartime measure. It was in this same House of Commons that Sir Thomas White stated in 1917:

> Income tax comes especially within provincial jurisdiction; this tax particularly meets the purposes of the province and of municipalities.

The same applies to estates, because until 1942 the federal government had stayed away from that taxation field, since it is closely related to civil rights and property. Those two infringements of the rights vested in the provinces are both equally unbearable. There is no need to be a learned economist to understand that what is provincial belongs to the provinces and what is federal comes under the central or centralizing government. We are always under the impression that only the province of Quebec asks for the restitution of the funds stolen from the provinces by the federal government. There is also an attempt to suggest that the formula of the return to the provinces of their own rights and funds was conceived by the former Quebec premier, the late Hon. Mr. Duplessis. Yet, who stated this in 1867:

> Lower Canada is rightly proud of its ancestral customs and traditions; it is bound by its particular institutions and it will only enter into confederation with the assurance of retaining them.

It was Lord Carnarvon.

To quote another testimony, which is not precisely from a member of the present Quebec cabinet, may I repeat that:

> The existence of the provinces preceded that of the Dominion of Canada, and it is from them that it got its powers. The provinces are sovereign within the limits of their attributes and any attack against that sovereignty is a violation of the federal pact.

And who, Mr. Chairman, made such a judicious comment? None other than a great premier of Canada's oldest province, the Hon. Honore Mercier, in 1884. I think no

one could accuse him of being a bad Canadian or a poor Liberal.

That is the position. From a constitutional point of view, the rights are clearly defined. The federal government has its own, and provincial legislatures also have theirs. There can be no question, for emergency or other reasons, to change this arrangement without first obtaining the consent of all parties to confederation. That is the law of the land. If it is bad, then it can always be changed, but in the meantime, it should be enforced, without any haggling or discrimination.

Once it is admitted that the claims of the provinces are justified—and I say provinces purposely, because it is not only Quebec—there remains the problem of finding a solution to this anomaly. From a practical point of view, such a situation cannot last indefinitely. It has lasted for too many years already. Let us face the facts as shown to us by history. It is a government which, for national emergency reasons, decided to invade the field of provincial revenues, at the time the great war was in its most sinister period. We do not want to criticize our predecessors for it, because they did what the circumstances forced them to do at the time. But it belongs to another great government, that of the Right Hon. Mr. Diefenbaker, to correct that anomaly. Thus, the names of Borden and Diefenbaker once again will be united in history, because the former saved Canada from the German threat, and the latter will have saved national unity. It is not a matter of a favour asked by the province of Quebec; it is a matter of justice for all provinces; we are not asking for charity, but for equity.

It must, in fact, be recognized that citizens, and this is the price which we must pay for belonging to a federal state, have a dual responsibility as citizens, not to say a dual citizenship, or a dual allegiance. Indeed they are, for certain things, under the federal government and for others under a provincial administration. But such dual citizenship also implies a dual responsibility. In order to satisfy it, it is essential that Canadians have access to the legal financial means put at their disposal by the constitution.

The fathers of confederation wanted to endow every Canadian with the means of discharging his responsibility as a good citizen and also with the facilities needed for this purpose. It is therefore not up to us to revise that position today, and even if an injustice has been done in the past, we must strive to repair the wrong that has been done.

It is utterly futile, not to say immoral, to maintain that one authority will levy taxes and hand them over in some form or other to the other power which forms the confederative association. Those who hold the purse strings can spend and control. Indeed, from 1887 on, Sir Wilfrid Laurier, who was born at St. Lin, in the Laurentians, in the riding of l'Assomption which I have the honour to represent in this house, said:

> The principle whereby a government levies revenues for another to spend is basically wrong.

Is there any need to repeat, in this respect, the views of a Canadian whom our opponents hardly would call anti-Liberal. Indeed, it was the Right. Hon. Mackenzie King, who said:

> I believe that whoever has made any study of public finances will consider that a system providing that one organization levies taxes and another spend the money thus obtained is entirely wrong. In other words, paying subsidies to the provinces without their having to collect taxes on their own will not lead to the careful control over expenditures which would be exercised if the provinces had, in the first place, to find the money themselves. It is a bad system, one that is altogether wrong.

Those two testimonies should be enough to convince the most timid minds. They only add to the general complaints made by most provincial prime ministers, who, during federal-provincial conferences, ceased to demand, for their legislatures, the fiscal rights of which they were deprived in 1917 and 1942 by the federal government.

Mr. Chairman, it was easier for the former government to destroy the constitutional pact. It is also, at this time, much more difficult to reconstitute the confederative pact, but I have great hopes that the Minister of Finance will make some contribution to this end. As a matter of fact, following negotiations between the premier of Quebec and himself, he also proved and recognized that the situation had to be settled before proceeding with the redistribution of provincial or federal rights.

I should like to pay tribute to the Minister of Finance who, in co-operation with the present Quebec premier, has settled that problem.

Mr. Chairman, the provinces have long been demanding restitution of the rights from which they have been dispossessed.

And they will go on demanding restoration of those rights until justice has been done. No province would ever think of preventing the federal government from fulfilling its tasks but, on the other hand, all of them wish to fulfil theirs, without any external interference.

To deprive a man from his fortune and then to offer him charity is not honest, and we will not accept such a deal. According to us, it is time the federal authorities—and once again I should like to congratulate the Minister of Finance for having initiated such an approach—should become fully aware that the federal government does not have all powers, nor a monopoly on the exercise of those powers. The rights of all concerned have been clearly defined, so let each party conform, and have regard for their respective rights and powers.

Some governments may have been inclined to consider right what was wrong, and honest what was not, but we cannot, in good conscience, allow such a situation to go on. Once again, we must fully understand that we are not speaking only as citizens of the province of Quebec, and I know that the other provinces are of the same opinion, especially those that were deprived of their rights and whose wealth has been taken away from them.

Mr. Chairman, I therefore believe that it is up to our government to assume its responsibilities and to give unto Caesar what is Caesar's and unto the provinces what rightfully belongs to them.

Much was said about the equalization system and the mitigated reimbursement formula, in the form of grants for educational purposes. Again I repeat to the hon. member for Gatineau that the word "grant" means strings attached; there is a big difference between "grant" and "gift".

We are quite prepared to admit that the federal government has a role to play in the intellectual and scientific education of the people, but as the responsibility for education belongs, first of all, to the family and not to the state, so are educational responsibilities primarily of a provincial rather than of a federal character. To make a gift is one way to silence whiners, but it is not the way to correct an injustice. Let us not forget the saying: "Let us beware of the Greeks even when they are bearing gifts."

Even if we set aside all economic considerations about tax sharing arrangements, we must remember that it is one aspect only of the relations between the federal government and the provinces that we must consider, and once again, to repeat words which our opponents could not question since they are those of Hon. Ernest Lapointe:

> The federal power is the offspring, not the father, of the provinces.

It must be fully realized that relations between the provinces and the federal government cannot indefinitely stand such wrangling. Federal-provincial conferences have accomplished little progress, and it is with some misgivings that we look to the day when one or several provinces, dissatisfied at being treated as poor relatives by their big brother in Ottawa, will decide to go their own way.

However, nothing is eternal in this world, and I would not like to contribute to a split within the confederative family. Yet, I must recognize that the provinces have some very definite rights for which the federal government has not always shown proper respect in the past. But I know the present government is deeply respectful of provincial rights and will always strive—as it has been doing since it took office—to settle the many problems which were created in large part by the former administration. It must not be forgotten, Mr. Chairman, that it would be much easier for Quebec and Ontario to do without confederation than for confederation to do without them.

We must at all costs avoid letting the matter of fiscal relations become a cause of serious misunderstanding, and to that end, we must re-establish proper balance and reinstate justice.

Mr. Chairman, allow me, in closing my remarks, to publicly commend, on behalf of the constituency of Joliette-L'Assomption-Montcalm, the present Minister of Finance who, more than anyone else in the past, has been striving to work out a solution to this problem. The present Minister of Finance has not assumed a take it or leave it attitude. He has had frank discussions with the authorities of the Quebec government. I want to commend him publicly for it, and say to him that in co-operation with the Prime Minister of Canada, his actions have served to strengthen national unity, rather than to weaken it, as was the case under the former administration.

I was very sorry to hear the remarks of the hon. member for Gatineau. He has attacked a fondly regretted man, the Hon.

Maurice Duplessis. Duplessis was a man of great stature, a great leader, the leader of his province. As I said at the outset of my remarks, he was one of the first to denounce the centralizing attitude of the former government. Gradually, the governments of every province gave their support to the stand taken by the Hon. Maurice Duplessis. The Hon. Maurice Duplessis has now entered history, and on behalf of the constituents of Joliette-L'Assomption-Montcalm, I lay a wreath of gratitude on his grave.

The late lamented Hon. Paul Sauve wanted to take over where the Hon. Maurice Duplessis had left off, but unfortunately death came to him too early. Mr. Chairman, we have as leader of the province of Quebec an authentic worker who still holds his union membership card. It is fitting that an authentic labour man like Mr. Barrette should solve this problem in co-operation with the Minister of Finance. I can assure the minister that the province of Quebec is happy about the decision concerning this agreement, and the province of Quebec breathes freely again.

Under the former government, the province of Quebec was held in a yoke; it was a matter of "take it or leave it". It was not democratic; there was no discussion with the province of Quebec. It was true dictature. I believe the Minister of Finance, by discussing frankly this problem, has served the cause of democracy and restored the people of Quebec and the people of Canada's confidence in our democratic principles.

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

Mr. Johnson: Answer him in the same way as did the hon. member for Gatineau (Mr. Leduc).

Mr. Habel: Will the hon. member allow me a question?

Mr. Pigeon: Yes.

Mr. Habel: The hon. member says that the Hon. Mr. Duplessis was a great man, and I have no doubt about that, Mr. Chairman, as far as the Union Nationale is concerned and—

An hon. Member: Read the Tremblay commission report.

Mr. Habel: Now here is my question: Is it not true that the present premier, the Hon. Mr. Barrette, is making an outright change of policy and even says that what happened in the past will not be repeated in the future?

[Mr. Pigeon.]

Mr. Pigeon: May I say to the whip of the opposition that the Hon. Maurice Duplessis has established certain principles; he is dead now and it is the responsibility of his successors to do the best they can, but by different methods, to safeguard the principles established by their precedessor. In other words, the former premier of Quebec (Mr. Duplessis) has led the way and the present premier, in co-operation with the Minister of Finance, has followed the way which led to this settlement.

(Text):

Mr. Fisher: Mr. Chairman, the C.C.F., of course, is going to support this resolution with a great deal of pleasure, especially the first part having to do with a way of extending grants to educational institutions.

When I was at university, Mr. Chairman, taking history there was a very strong emphasis on Canadian history; and one of the O.K. phrases that was always being thrown at us and that we were supposed to pay a great deal of attention to was what you might call bonne ententeism; or, if you want the O.K. phrase in the political vernacular, which has been fashionable for so long in the country, national unity. When I listen to a speech such as I have just heard—I must confess through the translation system—and hear someone talking about "our" constitution, I wonder whether bonne ententeism has not gone a little too far; because there are conceptions of the constitution other than what I think was the rather selfish and narrow interpretation which has just been put on it by the last speaker.

I would like to say there is always a possibility of misunderstanding. I would also like to say there are other views of Canadianism, there are other people who are proud of Canada, and there are other people who have interpretations of the constitution and beliefs in the constitution that may differ markedly.

If I may, Mr. Chairman, I would like to start with something that has been called by the newspapers the "Churchill thesis". The Churchill thesis does not refer to the great Winston Churchill but to the Minister of Trade and Commerce. The Churchill thesis in a nutshell, as I understand it from press reports of a few years ago, was that it was possible to form a federal government in this country without worrying too much about the Quebec vote. It seems to me that

this government, led by the Prime Minister, achieved that result in a sweeping victory in 1958. It had 200-plus seats. It really did not need its Quebec supporters, and those of us who noted the Churchill thesis have been watching ever since to see the moves that were made that would indicate the relationship and the attitude of this particular government toward Quebec. Many of us have lamented, and perhaps have pin-pointed, the fact that so far there has not seemed to emerge any striking attitude toward Quebec other than indifference. There is weak Quebec cabinet representation. There do not seem to be too many concessions.

It seems to me that this move by the Minister of Finance—and I think he deserves much congratulation—indicates that this government is pushing on with the Churchill thesis. I know he can probably argue—I believe he did—from a number of quotations that this new arrangement that is being entered into with Quebec is nothing startling; that it is consistent with the government's position that this government will not encroach upon any provincial autonomy or provincial jurisdiction in the field of education. Whether it is a legal marriage or a common law relationship, it seems to me that we now have a situation where in the field of university education the last of the 10 blocks has been moved. When you interweave the tax structure and the financial structure we have in Canada as between the provinces and the dominion government, all the complications of formula that the minister has produced cannot conceal that as far as my interpretation goes—the minister may not agree with this—this is a break-through.

We have had a number of break-throughs and a very inconsistent pattern, but for many years the Quebec government has tacitly accepted a variety of invasions of its so-called jurisdiction in education. We all know of examples in the vocational field and so far as technical training is concerned. This goes way back to the royal commission established before the first war. I remember that a writer for the Montreal *Star*, Tim Creery, had three articles on this matter a year ago this month, and he had a long list of examples where Quebec had accepted assistance. Even Mr. Duplessis, with all his pride in autonomy, never returned to the federal government the money he took in the first year the university grants were in operation, which is the kind of compromise of consistency that I think indicates a trend as to where we are going.

As I say, I feel that this is a great break-through, and I think the minister deserves congratulations because one of the things that bother a great many people in Canada who do not live adjacent to or among or with French Canadians is a feeling that somehow they insist in taking a different view of Canadianism and of what Canadians want and need from that of people within the rest of the country. This is a most delicate and touchy subject for a politician to confront, but I think it needs some confronting. Like many other members who have come here in the last few years, while I had read a great deal in Canadian history about the French-Canadian problem, it was not until I began to follow the French-Canadian newspapers with more intensity that I realized the markedly different conception of Canadianism that the French Canadians have. This, it seems to me, is something that we very much need to resolve even in the name of that magical phrase, national unity.

One feeling I have taken from reading the French-Canadian press is that they have what is almost a conceit in their Canadianism. They push upon other Canadians an interpretation that I cannot accept and which I think many members of the house cannot accept. It seems that the contradistinction between their kind of Canadianism and ours is that theirs is French Canadian based upon language and Roman Catholic based upon religion and so on the other hand we have to be Protestant and English speaking. I do not think this necessarily holds true.

I know that in my constituency we have very few French Canadians. We have a good many Catholics who in the main are English speaking. Many of them in descent are Italians, Poles, and so on. I do not think their conception of Canadianism has to take a back seat at any time to what I might call the superiority complex of Canadianism that exists in French Canada—

Mr. Grafftey: That is not so.

Mr. Fisher: —especially as you find it in the newspapers.

Mr. Grafftey: That is not so.

Mr. Fisher: Some hon. member has said "That is not so". I am sure he will have the opportunity to get up and rebut what I say. I am giving my own interpretation.

The last speaker mentioned the compact theory of government or constitution that is set out in the Tremblay report. I do not know how many English speaking members of the house have read the Tremblay report, but it is a rather scary document in terms of the kind of Canadianism that I think I share with quite a number of Canadians. The main basis of the report is that the constitution is a solemn compact or treaty and, even

more, it is argued by some that the government at Ottawa is the creature of the provinces which brought about confederation. An element of this thinking creeps into the Tremblay report. I should like to refer to the main premises of the report as summarized in a book entitled "Evolving Canadian Federalism" by A. R. M. Lower and Frank Scott. They are as follows:

1. The primary purpose of Canadian federalism is to allow the two great cultural communities which make up our population (a) to live and develop themselves according to their respective particularisms and, (b) to co-operate in the building and progress of a common fatherland.

2. With regard to French-Canadian culture, the province of Quebec assumes alone the responsibilities which the other provinces jointly assume with regard to Anglo-Canadian culture.

For the benefit of the member who interrupted, the basis for my remarks is found in the words I have just read, to wit:

With regard to French-Canadian culture, the province of Quebec assumes alone the responsibilities which the other provinces jointly assume with regard to Anglo-Canadian culture.

Mr. Grafftey: The hon. member is long on theory but short on facts.

Mr. Fisher: I continue.

3. The Canadian reality, both economic and sociological, has undergone a profound transformation since 1867, but its cultural elements have not changed, so that the basic problem still remains the same.

The authors continue:

Thus posed, the postulates, formulated without any consultation with representatives from outside Quebec, lead on to a critical analysis of present trends toward centralization and call for a "readaptation of the public administration according to the spirit of federalism".

Obviously this is a type of federalism that most of us in the rest of the country do not appreciate. It seems to me that one place where politicians fail lamentably is in being candid and honest in this particular field. Everybody wants to wrap cotton wool around this very difficult problem, and it seems to me that in this particular case where we have a concession, where we have a move forward, we should put it bluntly that we think this is an excellent move, a move away from the Tremblay report position which the previous speaker extolled as being the epitome of Duplessisism, toward the kind of Canadianism in which I think the rest of the country believes. If you push the Tremblay report position too far it seems to me you have a situation not unlike that of the security council of the United Nations, in that Quebec always has the right of veto just as Russia always seems to have the right of veto in the security council. The same thing seems to apply with respect to the constitutional interpretation of many people in Quebec. They believe in a separatism, with Quebec always having the right of veto over proposals from other provinces or the federal government.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Fisher: Mr. Chairman, before the luncheon hour I was trying to deal with a delicate subject, and one in which I never claimed to be an authority. There are many other hon. members in this house who can speak with more authority than I can on French-Canadian relations with the rest of the country. I detest the use of the expression English-Canadians but I am going to refer to French-Canadian relations with Canadians. However, this compromise that has been worked out by the Minister of Finance is an important break-through in these relations and is one that I think we should assess in some detail.

One of the things that has intrigued me has been the tremendous amount of involvement and the federal build-up in recent years in the field of education. Last year the newspaperman to whom I referred, Tim Creery, worked through the estimates and in a series of articles that appeared on March 2, 3 and 4, 1959, in the Montreal *Star*, he traced the scope of federal aid in the matter of education. His estimate, and this was confirmed in his talks with statisticians in the dominion bureau of statistics, was that approximately $100 million would be spent on education by the federal government, making it a very large contributor and financially comparable directly with all but three of the provinces in this responsibility.

In his article of March 3 he listed the estimated departmental spending on education for the year April 1, 1959 to March 31, 1960. The first was the Department of Finance, through the university grants, totalling $26,221,000; second, the Canada Council scholarships and grants, roughly $1.5 million and then, for capital construction under the Canada Council, $6 million; citizenship and immigration, Indian affairs branch, for operation and maintenance, approximately $13,734,000 and for plant, well over $7 million. The same department spends approximately $400,000 for its 50 per cent share of citizenship and language instruction. The department of northern affairs spends a total of approximately $9 million on education in the territories, that is for both direct education and maintenance and also for employment.

The Department of Labour makes payments to the provinces under the apprenticeship training and vocational and technical schools assistance of approximately $9.5 million; national defence, through the three service colleges, the naval venture plan, and regular officers training plan, spends approximately $6 million. The Department of Trade and Commerce, through national research council scholarships and grants in aid of research spends about $8 million. The atomic energy control board spends about $650,000 in scholarships. The Department of Transport, through its schools of navigation and seamanship, steamship inspection service, radio operators training, aviation instruction, and so on, spends approximately $600,000. The Department of National Health and Welfare, through its national health grants, education proportion must spend approximately $1 million. The Department of Veterans Affairs is in the field of education through correspondence courses, $29,000; vocational and technical training, $55,000; university training $49,000; and children of the war dead, $481,000. The Department of Agriculture spends, on grants in aid of agricultural research, $187,000; mines and technical surveys, through its grants in aid of geological research in Canadian universities, spends $50,000; University of British Columbia, for research in foreign geography, $3,500. The last two departments contributing to education are fisheries, contributions to research, $25,000 and scholarships, $25,000, and external affairs, NATO fellowships and studies, $42,000.

All this totals roughly just under $100 million which was spent last year in what almost everyone will agree was a proper federal activity in the field of education. However, if Quebec thesis or the Tremblay report thesis or the Pigeon thesis is correct in so far as this situation is concerned, such expenditures were wrong and unconstitutional. If their interpretation is correct, then Quebec should be fighting this much more wholeheartedly than has been the case. I think, if I remember correctly, Right Hon. Mr. St. Laurent engineered two of the largest contributions in this federal program, that is the university grants and the Canada Council scholarships and capital construction grants. This is an indication to me that the Tremblay report, and the understanding that it represents is anachronistic, it is out of time, that Quebec is past the Tremblay stage.

There is a much more definite move in Quebec toward a realization that education is a field in which the federal government is properly working. I do not feel we will ever get an improved educational system in Canada unless and until this whole matter of provincial jurisdiction becomes less a matter of controversy and much more a matter of co-operation and co-ordination for the greater good of all. I have said before in this house, and I am sure many hon. members agree, that you are not a Quebecer, or an Ontarian, a Manitoban or a British Columbian, but you are a Canadian.

Mr. Grafftey: You are a Canadian first.

Mr. Fisher: Nowhere does this apply more than in the field of education. I notice I am getting interruptions again from the hon. member for Brome-Missisquoi.

Mr. Grafftey: You are very long on theory but rather short on practice.

Mr. Fisher: I know the hon. member is very practical. I understand he changed overnight from being a Liberal to a Conservative.

Mr. Grafftey: I am proud of it.

Mr. Fisher: May I suggest that the thoughts of one of the leading spokesmen for that kind of trend in Quebec and French Canada and of other Canadians who are interested in the problem were expressed by Maurice Lamontagne who, as I think all hon. members know, has an association, if indirectly, with this House of Commons. He argued in this way or at least this is the interpretation put upon it by Frank R. Scott interpreting Mr. Lamontagne's book "The Canadian Federalism" published in 1954. According to Frank Scott, Mr. Lamontagne states:

> For him the only solution for Quebec is "a lucid integration into the new Canadian federalism."

Mr. Scott goes on to say this:

> This solution, as has been shown, is repudiated expressly and at length in the Tremblay report. But the commissioners themselves admit that the far-reaching decentralization they advocate cannot be brought about immediately, because "*de facto* situations and habits of thought have been created which must be corrected," and they therefore offer a "temporary solution" which confines itself to a mere reallocation of taxes within the present constitutional scheme. That some such financial adjustments will be made in the future is probable; no part of the Canadian constitution has been more flexible, more responsive to changing political and economic pressures, than the subsidies provisions and tax arrangements. But the profound reshaping of the constitution itself, called for in the main recommendations of this report, is another matter. It cannot be as divorced, as it is here, from the hard facts of Canada's increasing industrial growth in an increasingly dangerous world. The preservation of human and cultural values in this day and age, which this report professes to seek, is an aim all Canadians would support; what would be questioned, in Quebec as outside, is the possibility of reverting to smaller governmental units, however distinct they may be in race or religion, for the almost exclusive protection of those values. The present distribution of powers in Canada has not satisfied everyone,

but it has unquestionably permitted a wide freedom for the steady development of the two cultural groups along their own distinctives lines.

Complementary to those remarks or that interpretation, I go along with and interpret the move the minister has succeeded in making in this regard as another step along this particular path.

Before lunch we heard from the hon. member for Bellechasse and, as a result of a question put to him by the hon. member for Bonavista-Twillingate, he argued that Quebec has an obligation to French Canadians in the rest of Canada. This is an argument that seems to me to be most controversial. If Quebec has an obligation to French Canadians in the rest of Canada, as a government, surely it has an obligation to that diaspora of French Canadians in the New England states. I am sure these lost ones should arouse the same reaction among French Canadians in Quebec. If Quebec has an obligation for French Canadians in the rest of Canada, what about English Canadians in the rest of Canada and their obligations to English Canadians in Quebec? I have yet to encounter a provincial authority anywhere outside of Quebec that would follow along with this argument.

It seems to me that this assumption by the hon. member for Bellechasse expressed in governmental terms on the part of the province would look forward to a continuation of strife throughout the rest of Canadian history. Then a provincial government, according to this argument, has the obligation to go into the rest of Canada to further the particular ethnic and cultural problems of French Canadians or English Canadians in the rest of Canada. It certainly seems to me to be a most controversial argument.

In so far as the second part of the resolu- is concerned, it merely continues the 13 per cent rate the minister introduced several years ago. Some of the provinces have been asking for an increase. The minister has brought down a budget that envisages a sound, constructive balance and obviously this resolution is merely geared to it. Today in almost every municipality it is fashionable to look toward the provincial authority and cry for more; and we know it is fashionable for provincial authorities to look toward the federal government and to cry for more. The way out of the jack-pot undoubtedly will be found on a very empirical basis or through a shading of development rather than in a clear, new rewriting of tax agreements or tax proposals.

To refer to the problem that develops from the first part of this resolution, namely the field of education, one can certainly see where there needs to be a wide new understanding of the entire problem. One of the disappointing things about the federal House of Commons to anyone who has been involved in education and who finds as he goes around the country that education is a live issue, is that here it is not a live issue. I think two hon. members from Toronto who are members of the government are the only ones of whom I know who have ever, in the two years I have been here in parliament, devoted major efforts to this particular field. One would almost assume that this particular parliament is not interested in education. Yet out in the municipalities and in the communities from which we come, this matter in financial terms is the most live topic of all.

I think most hon. members from Ontario will recognize the storm that has arisen just in the last few weeks over the new tax grant brought down by the province of Ontario. Of course it seems to me that the argument of the premier of Ontario is that no real changes or advances will be possible in the immediate future unless there is some support from the federal government first. What the way out of this difficulty is, I do not know. I think this is the toughest problem faced by the minister as Minister of Finance.

However, I am certainly convinced, as is our party, that this is one field in which federal support must be ready and be more available than it has been in the past in the way of more funds in order that the provincial governments can accept their educational load. Of course this raises the question whether there should be any consignment or direction of funds from the federal government to the provinces, that is as to how they are spent. I do not think any of us have reached the stage where we are prepared to argue favourably that question but I think we shall eventually be obliged to arrive at it if we want to get in Canada the standard of education or health we need.

In conclusion, Mr. Chairman, I should like to reiterate our group's support of this resolution and to congratulate the Minister of Finance for moving or shaping Quebec a little bit along the path towards greater co-operation with the rest of Canada. I know he may disclaim credit for such a move or at least our interpretation of that move; but I think he deserves it. I must give credit not only to him but to those hon. members from Quebec who obviously have changed their position to quite an extent. If they are able to vote in support of this particular resolution, it seems to me that I and even those who have looked at the Tremblay report can forget all about that now that

they are moving along the path toward a different kind of Canadianism from that which seems to have been popular in Quebec in recent years.

(Translation):

Mr. Allard: Mr. Chairman, I should like to add a few remarks to the speeches made by previous speakers on this resolution.

On April 13, 1959, I had the opportunity of voicing in this house my personal opinions on the matter of education and university grants. In fact, as recorded on page 9, English version, of *Hansard* for April 13 last, I closed my speech with the following words:

> That is why, if the Quebec government cares to offer a suggestion, to make an official proposal, an appropriate and constructive one, I am positive that this government will consider it with great care and that, eventually, a proper solution will be found in this field.

Mr. Chairman, I was very pleased, as were many Canadians, when the late Quebec premier, Mr. Sauve, came here to Ottawa, in October, 1959, to discuss the financial problem. In coming here, he did exactly the right thing, that is, he set forth the particular views of the province of Quebec and, at long last, suggested an answer, a formula, likely to settle the problem. The present government had not created that problem but had inherited it and, with its typical conscientiousness, it was anxious to do justice to all Canadians and to all provinces. This is why we find today the present formula in this resolution.

This matter of the exclusive rights of the provinces in the field of education—I wish to come back very briefly on this today so that there be no misunderstanding in other provinces across Canada or in any quarter whatsoever—is not a mere whim on the part of the province of Quebec; that stand which was relentlessly upheld by the province of Quebec was and will always be a question of justice, a question of constitutional right, because we all know that under section 93 of the British North America Act, education is an exclusively provincial responsibility. However, the policy applied until June 10, 1957 seemed to indicate that it was not so, although education is an exclusive right which strictly belongs to us and cannot be taken away from us without mutual consent. An exclusive right is more than a priority right, it is an absolute right. That is why, when the former Liberal government had passed that legislation on educational grants in an attempt to do indirectly what it was forbidden to do directly by the constitution in spite of various judgments rendered by the privy council, more particularly in the case of Edwards, of the Aeronautique and the Great West Saddlery, the people of Quebec refused to go along.

Those are the principles of the Canadian constitution which were submitted to the court of the time, i.e. the privy council in London. It had obviously been sanctioned in principle that the central government could not do indirectly what the constitution forbade to be done directly. But what the Liberal government tried to do by introducing financial aid to universities and establishing the Canada Council, was to accomplish indirectly what it was constitutionally barred from achieving directly.

Such was the position when this Conservative government came into power. We are quite pleased with this resolution, and I wish, in just a few words, to express my personal satisfaction and the satisfaction of the people of Sherbrooke and the eastern townships, and also of a good many people in the province of Quebec. This solution is a step in the right direction. This resolution will enable the government of a province to meet the needs of its universities, high schools, etc., by distributing them its own grants.

If the province of Quebec can look at this development with satisfaction, it is due in large part to Mr. Sauve, who proposed this formula, and to the co-operation and great understanding of the present government. We thank them heartily for it.

It can now be said that as a result of that formula which forms the basis of this resolution, the year 1960 is, in a sense, the year of education, because it is sufficient for instance, to examine legislation introduced by the Quebec government to realize—following the introduction of this resolution and the publicity given to that problem—that this Quebec legislation deals largely with education since, at last, the Quebec government, with the co-operation of the present federal government, will be able to give direct grants to its universities.

Let us examine briefly this legislation of the Quebec government which has increased the assistance to its universities by $8,750,000 million during the present fiscal year, thus providing a total and complete assistance of $20 million each year.

This legislation of the province of Quebec has made possible the establishment of a special sinking fund for building projects of our Quebec universities. We are informed that at present a special $75 million fund covers those Quebec universities building projects.

Thanks to the wonderful spirit that has developed since June 10, 1957, the Quebec government is able to allow statutory grants to teachers and institutions, namely classical colleges and high schools.

Mr. Chairman, that is a good result of this legislation, that is a practical result, and that is why we, members from Quebec, we who are in the federal field, are happy to commend the government and urge it to continue in the right direction, that of respecting—as it has done and with what solicitude, since it came to power—the rights of all the ethnic groups in Canada and in all the provinces

It is said, and I repeat it without blushing, that the province of Quebec is not a province like the others. It is true. We are not different in that we want to break away from the rest of the country. We are, like all the others, Canadians who are mindful of the higher development of their country and who want to safeguard its basic interests. We are sincere, we love our country and we are anxious to see it go forward.

But where we differ, it is in matters of culture, in our traditions which we want to keep and it is this difference which allows us to bring to the Canadian nation the marvellous contribution that adds so much to it.

It is for this reason that we of Quebec are today happy to see that the government of this province will be able to supply the necessary funds to its universities and institutions of higher learning.

Having a right is not enough, we must have the financial means to exercise it.

Mr. Dupuis: Mr. Chairman, I had no intention of taking part in this debate and I do not intend to dwell on the matter. But, having heard some of my Quebec friends, with a Union Nationale slant, I would have been angry at myself had I not risen here this afternoon to straighten certain things out and put them back where they should be in public opinion.

I have just heard my friend from Sherbrooke (Mr. Allard) who is a living example of "duplessism" in this house. He said that Quebec was not a province like other provinces.

Well, Mr. Chairman, this statement is not new. I have heard it mouthed every day by the Hon. Maurice Duplessis during the four years that I sat in the Quebec legislature.

Well, in that field of federal aid to universities, we realize today that the province of Quebec is beginning to be like the others, and we realize more and more that it has always been so; it is the government which preceded the Barrette and the Sauve government which was not like the others.

Mr. Chairman, I was a member of the Quebec legislature for four years, and we often discussed federal-provincial relations. We also discussed federal help to universities, but never did any jurist, any expert in constitutional law succeeed in proving that the federal government violated the Canadian constitution.

Mr. Chevrier: Hear. hear.

Mr. Dupuis: I have witnessed many discussions, and I do not intend to pose as an expert in law or as a professor of Canadian constitutional law. But there is one thing that strikes me. Our Conservative friends here are now unanimous in recognizing the benefits of federal aid to universities. Nobody sees any encroachments to provincial autonomy, except perhaps a few friends of the Union Nationale in Quebec.

Mr. Chairman, I have here a list which I compiled a moment ago, just before coming into the house, and it makes me wonder.

Who are the ones who used to say that the federal legislation on grants to universities, which had been enacted by the Liberals, was a violation of provincial autonomy. Here is the list:

The Hon. Maurice LeNoblet Duplessis, Montreal *Matin*, Leopold Richer—paid on a commission basis by the newspaper, *Notre Temps*. The Solicitor General (Mr. Balcer), member for Three Rivers, a close friend of premier Duplessis, the former secretary of state, who when he saw so many changes—

An hon. Member: The Hon. Nicol.

Mr. Dupuis: You will have an opportunity to make a speech later.

An hon. Member: Don't forget him.

Mr. Dupuis: The Quebec school board, headed by a "duplessist," Mr. Cossette, Mr.

François Albert Angers, who goes even farther and thinks the province of Quebec should become a separate country, Mr. Esdras Mainville, who no later than last week, again put his foot in his mouth and ascribed to Duplessis some of Mr. Godbout's accomplishments, Mr. Louis-Philippe Roy, of *l'Action Catholique*, who is embarrassingly friendly to the Union Nationale, the very Louis-Philippe Roy who at one point had this to say to Stalin:

Let Stalin mind what I have just said.

Mr. Charles Pelletier, paid on a commission basis by the newspaper *Notre Temps*, Mr. Marcel Adam, paid on a commission basis by the newspaper *Notre Temps*, and finally, those who owe their election to the Union Nationale. I need not mention names.

Mr. Chairman, who are the ones who saw no encroachment on provincial autonomy? Here is the list, and you will see there is quite a contrast. The names I shall now quote are all completely free from financial bonds of any kind, and free from the Union Nationale.

Here is a list I made up just as I was about to enter the house. A few names may be missing, but here it is:

Quebec Association of Professional Teachers: in favour of the federal act designed to aid our universities, as submitted by the then Liberal government; Monsignor Irenee Lussier, rector of Montreal University, Mr. Marcel Lambert, Ph. D., Mr. Jean Falardeau, Mr. Cyril James, of McGill University, The Quebec Federation of Teachers' Associations, The Canadian Federation of Catholic Workers, the then president of CCCL, Mr. Gerard Picard, who once was a victim of discrimination; the teachers' associations of the four universities of Quebec.

All these people who are free from all ties and sound of mind, we like to think, have stated that the legislation concerning federal grants to universities which the federal government had adopted was not an encroachment of autonomy.

There is another list, that of wage earners, that of "rebaters" and "rebates," of those who had direct or indirect dealings with the Union Nationale but who were too heartless to speak their minds.

Autonomy.

Mr. Chairman, I cannot help saying now: Autonomy. Autonomy. What crimes have been committed in thy name.

Autonomy. Autonomy. If thou had not existed, some people would have had to invent thee to serve their own purposes.

Mr. Chairman, looking today at my friends opposite, I remember the speeches they made during the election campaigns when they came over into our ridings to tell us that the federal government had no right to help universities. I remember also that last year in this very house, the hon. members opposite did vote for the same legislation the Liberal government had passed and against which they were protesting at the time with quavering voices.

Well, we are now giving serious thought to sound legislation.

Mr. Chairman, I listened to the speech made by the hon. member for Bellechasse (Mr. Dorion). He is an expert in constitutional law. He is, in fact, such an expert that he cannot venture to make a single speech without reading from his text, lest he should forget a comma.

The hon. member for Bellechasse is no doubt an expert constitutional lawyer, but because of that and because he could make a mistake and prove we are right, he writes his texts in advance. He takes care not to get away from it, in order not to risk proving we are right.

Mr. Chairman, we have heard similar speeches in many quarters, but it is none the less true that all right thinking persons in the province of Quebec realize today that what was in former days an interference with provincial autonomy, a crime against the province, has now become a help, a blessing, something that is very good.

The procedure has changed. The form has changed perhaps, but the substance remains the same. Of course, with some of our friends, the great lack is substance, but in this legislation substance is what it lacks least, because it was introduced by the Liberal government, which had no intention of violating autonomy, but which, realizing like several other persons, that our Canadian universities were in need of financial help and that the leaders of those universities had not the required facilities to help our country produce as many prominent men as we would have liked, considered the problem of universities, not of its own initiative—because it did not improvise such action—but following recommendations from serious people and as a result of the Massey commission report which stated that, if universities were not

helped, they would bog down, because they were in need of several million dollars to meet their needs in the immediate future.

Mr. Chairman, a few moments ago, I heard the hon. member for Sherbrooke (Mr. Allard) refer to section 93 of the British North America Act. I think I have often heard it referred to somewhere or other.

The hon. member for Sherbrooke was heard to say that the field of education was under the exclusive jurisdiction of the provinces, as stipulated in section 93. Nobody denies that. Mr. St. Laurent never denied it; but what did Mr. Duplessis say when discussions started with regard to university grants? He did not refer to section 93. He spoke of sections 91 and 92. When dealing with section 91, he went on quickly, so as to get to section 92, and then said:

> Section 92, is perfectly clear to our minds. It is only the Liberals who cannot see clearly. But, as far as we are concerned, we do see clearly.
> Section 92 confers an exclusive right to the provinces in the direct taxation field.

He kept repeating it for years, or rather from 1945 to 1956. At one time—

Mr. Parizeau: Until 1959.

Mr. Dupuis: Mr. Chairman, I think that if I were the member for Lake St. John (Mr. Parizeau) and knew no more than he does, I would keep quiet and not say a word.

Moreover, if I rise at this time, it is to inform those hon. members whose outlook is one-sided, because, like horses that wear blinkers, they only can see in one direction. I just want to give them information.

In 1956, Mr. Duplessis introduced in the Quebec legislature—and I was there at the time—

An hon. Member: You did not stay long.

Mr. Dupuis: I stayed long enough to smell out a member of the Union Nationale from a distance, and I can do so in the House of Commons.

Mr. Chairman, I will bring out certain statements made by Mr. Duplessis and you will see that they are tremendous. Of course, they may be somewhat rambling, because I was not prepared, and I did not expect the "duplessists" to take part in this debate today.

Mr. Chairman, I beg you to have a little patience—

[Mr. Dupuis.]

Mr. Parizeau: Mr. Lamontagne wrote your speech and you are reading it.

Mr. Rouleau: You should go back to your personality courses.

Mr. Dupuis: Mr. Chairman, I believe it would do good to some Conservative members to follow Mr. Lamontagne's courses.

Mr. Chairman, when I look at my hon. friends of Quebec, opposite, I cannot hold a grudge against them—one cannot hold a grudge against children for the way they have been raised—but now that they are in Ottawa with us, we will try to impart some of our knowledge to them. They could use it to avoid perhaps making rash promises.

Mr. Chairman, I wish to quote a statement of the Solicitor General (Mr. Balcer). Listen to this, Mr. Chairman: "The legislation on federal grants to universities is unsatisfactory and centralizing", he said. The same legislation they said was unsatisfactory and centralizing under a Liberal government has become an official blessing under the Conservative administration.

I now come to a statement of the former secretary of state (Mr. Courtemanche), the man who preferred the Senate to—

Mr. Denis: He is ill; he is the ailing senator, that one—

Mr. Dupuis: The former secretary of state said that it was an invasion of the field of direct taxation and that the federal government should return to the provinces their exclusive right to direct taxation.

That was Mr. Duplessis' school. Once, Mr. Duplessis introduced in the legislature a bill whose preamble read as follows:

> Whereas under section 92 of our Canadian constitution, the province of Quebec has an exclusive right in the field of direct taxation—

Immediately, the answer was: "No, we do not have an exclusive right. Such was the contention since 1945, since the beginning, that the province of Quebec did not have an exclusive right in the field of direct taxation. It had a right of direct taxation under the terms of section 92, but according to section 91, the federal government could resort to every method of taxation." It is clear. It is easy to see. Just read the constitution and you will see. Well, Mr. Chairman, in order to bring the federal government to agree to that income tax deduction, Mr. Duplessis within half an hour had to retract all that he had preached during 10, 15 and 20 years, and

he erased in front of us—it is not for nothing that pencils are fitted with erasers—the word "exclusive". It is clear.

So, Mr. Chairman, everything that was claimed as being exclusive for the last 20 years has now become common, as common as was at times the language of the one who held it to be exclusive. I shall not dwell any longer on the sections which confirm our rights since they are quite clear. The Liberal government was the first to think of helping the universities. At the time that hurt Union Nationale members who were against it. But today, the Conservative government is supposed to have changed everything, but it comes back with the same law, with the same situation, and last year we saw our friends opposite cast a reluctant vote in voting illogically for what they had been condemning previously.

Of course, Mr. Chairman, when Mr. Duplessis was there, this aid to universities was impossible. In Ottawa, Mr. Duplessis never had anything constructive to suggest, no positive proposal. All he ever did was to utter the word autonomy and then take leave. "Autonomy" was the only word he could ever find. Then he would return to Quebec, and was welcomed with beating drums at the Palais station.

Well, Mr. Chairman, we realize that Mr. Duplessis could have made concrete suggestions, had he wanted to, and that if the hon. Mr. Sauve's suggestion were deemed acceptable, those of Mr. Duplessis would have been acceptable and accepted in fact. But, as his attitude was a negative, as he was imbued with partisanship and separatism, it was therefore impossible to discuss with a person like Maurice LeNoblet Du Pont Duplessis, of Three Rivers.

I say that today I will vote for this motion, but I feel I must rise after the hon. member for Laurier (Mr. Chevrier) and the hon. member for Bonavista-Twillingate (Mr. Pickersgill) to point out that we have here the full result of a great and useful step taken by Mr. Louis St. Laurent to help the universities all over the country.

I cannot help thinking of all the money lost in small time politicking. I cannot help remembering all the years we lost, when our young people might have enjoyed a university education which was refused then, under the pretext of protecting a sham autonomy. I simply cannot think of all the Union Nationale lost for us Quebeckers in a period of 20 years.

Mr. Chairman, if the Hon. Paul Sauve suddenly got up and found a way to accept federal grants, why could his chief not find a solution and make concrete suggestions to the federal authorities? Now, the premier of Quebec, the hon. Mr. Barrette, suddenly found the legislation beneficial; though he had sat long enough in the Quebec legislature to realize that Mr. Duplessis was holding the province back and depriving our universities of the answer to a great need. It is not up to me, as I say, to interpret sections 93, 92 and 91, and I leave that to our learned lawyers. However, I know that section 91 gives the federal government the right to levy all kinds of taxes, including direct taxation, whereas section 92 confers the right of direct taxation upon the provinces. I also know that under section 91, the province of Quebec never found the federal government in its way, neither at the time of Mr. Louis St. Laurent nor in the days of Mr. Mackenzie King. As a matter of fact, the federal government never encroached upon provincial autonomy in the educational field.

To my mind, I admit—

An hon. Member: All that is written.

Mr. Dupuis: It is all in black and white. Obviously, for those who never say anything but interjections; nothing interesting is ever written. But I am saying that because I know it has been put in writing.

I recognize, and this my creed—for I have one—I recognize that the national Canadian government has a right to look after the advancement of arts, sciences and letters in this country. I cannot admit it should have the right to interfere in the type of education, programs and training that will be given our citizens because, under section 93, that is left to the provinces. But, as Canadians, we are not entitled to think for a moment that the government which is looking after the destinies of our country should not take a logical and commendable action in showing interest in the advancement of arts, science and letters in Canada.

Can we, for a moment, believe that General de Gaulle, president of France, should not take an interest in the progress of education, in the various French departments? And President Eisenhower, must he not take an interest also in the progress of arts, science and letters throughout the United States?

We live today in a world where competition is world wide, and not only local. If Canada does not have a great number of prominent

people in the field of arts, science and letters, the whole country suffers from such a situation.

Mr. Chairman, there was a Canadian prime minister, Mr. St. Laurent, who realized that, nowadays, the era of petty village quarrels is over. The time when people indulged in petty politics twenty four hours a day for 365 days a year is over. Yes, Mr. Chairman, the Right Hon. Louis St. Laurent realized that Canadian universities had to be known across the world. To achieve that purpose, he gave grants to universities without interfering at all in the type of programs, training or education within the universities themselves.

This is a Liberal piece of legislation; it is an advantageous and sound Liberal legislation. It is a tribute to Louis St. Laurent. It is a tribute that the present federal government is paying to Mr. St. Laurent in placing before us that piece of legislation concerning grants to Canadian universities.

Mr. Ricard: Mr. Chairman, I also would like to make a few brief remarks, not as unpleasant as those the hon. member for St. Denis (Mr. Denis) would like to make them, but some remarks about this resolution.

This matter of tax sharing to provide alternative arrangement for the payment of grants to our institutions of higher learning has been much discussed and has raised much controversy. It is a matter which has been much discussed by the population of the province of Quebec and about which the province had given its full support to the premier of that time, the hon. Mr. Duplessis, who will be well remembered by the whole country as one of the greatest premiers of French Canada.

We are about to settle this matter which had no other fate than being put off from time to time by the former Liberal federal government. And it is significant that this question should be settled by the ministers and the members who form the present Conservative government.

Mr. Chairman, if you analyse the factors involved in the agreement about to be concluded between the government of Quebec on the one hand and the central government on the other, it is obvious that one of the main causes of this success is the totally different attitude of the present government as compared to that of the previous government. The arrogant, intractable take it or leave it attitude has been replaced by a friendly, understanding attitude and by a desire to settle a problem which concerns one of Canada's most beautiful provinces: the province of Quebec.

Mr. Chairman, the man who occupied the chair a moment ago knows better than anyone, because of his background, that the city of St. Hyacinthe is famous for its contribution to education throughout the country. He knows that our educational institutions are a credit not only to St. Hyacinthe, but to the whole country. Each year, in St. Hyacinthe, students from everywhere in Canada, and even from the United States and other countries, come to acquire the knowledge that will make of them qualified men in their respective fields.

I seize this opportunity, Mr. Chairman, to say a well deserved tribute to our educational institutions and, in particular, to their teaching staff. By their conduct and their knowledge, the teachers helped make prominent citizens of our people, and this even well beyond our frontiers.

I am sure of expressing the feeling of our people, Mr. Chairman, when paying tribute to two great Quebec figures, men who have done so much for the progress of education in our province. I am referring to Hon. Maurice Duplessis and Hon. Paul Sauve, former premiers of Quebec. As you know, both have greatly contributed to the agreement which we are about to adopt. It was the realistic and logical position of these two premiers, who had the entire and immediate support of the Quebec population which paved the way for the agreement now before us. To the first, we owe our gratitude for his tenacity and his steadfast stand against those who wanted him to accept proposals which went against the best interests of the province of Quebec. Deeply convinced that Quebec, on account of its faith, tongue and traditions, is not a province like the others, he has always insisted upon such an approach to the problems. That is what the present Minister of Finance understood, after the present Prime Minister, Right Hon. John Diefenbaker. The record has amply justified premier Duplessis' attitude, since he was, at the start, the only one to rise against the Liberal government of the time and now practically all the premiers of the other provinces have

accepted his opinions and taken the same attitude as he did. To my knowledge—

Mr. Pickersgill: You have forgotten Drew.

Mr. Ricard: To my knowledge, Mr. Chairman, premier Duplessis is the man who launched the agreement that we are definitely reaching. The second one, Hon. Paul Sauve, whom the Liberals recognize today as a great Canadian from Quebec, most probably because he is now dead—for when he was in power, they had started a petty campaign of slander against him, as they had always done with regard to his predecessor. Hon. Paul Sauve is certainly to be considered the architect of the present agreement. His wish to serve his people, his way of looking at things objectively and realistically and his broadmindedness were at the basis of the present agreement. He too deserves our never-ending gratitude, as well as that of the other citizens of this country.

Another great promoter of the present understanding is the present premier of Quebec, Hon. Antonio Barrette. A gentleman of politics, as he is called—

Mr. Rouleau: Not by us.

Mr. Ricard: —because of his tact, his patriotism, his politeness—which is totally lacking in the hon. member for Dollard—and his realism, brought together all people of good will who wished a practical solution for all concerned. We owe him also our most sincere gratitude.

As a Conservative member, Mr. Chairman—

An hon. Member: You mean as a Union Nationale member.

Mr. Ricard: Yes, as a supporter of the Union Nationale, and I am proud to proclaim it, because it is a government which has done much for the province of Quebec; it is a government which has had also the support of the people of the province of Quebec, in spite of all the slanderous and stifling influences of the Liberal party against everything it was doing.

I feel a very legitimate pride, as a Conservative member, in having taken part in this understanding, and of having done something to bring it to the point—

Mr. Rouleau: Of being completed.

Mr. Ricard: —of being completed since this will be a monument to the glory of the Conservative party and will make desperation of the Grits, those wet blankets. I am certainly glad for having done something about it for it is an important and definite step that will certainly, as I just said, be a monument to the glory of the Conservative party. The Minister of Finance who never ceased working for ensuring justice to all concerned also deserves all our gratitude. The difficulties he faced at various times did not break the indomitable courage which is so characteristic of him. He has also continued to work towards a final agreement. The people of Quebec see in him, and they have seen it for quite a while, one of their closest friends.

We must also recognize that our Prime Minister, the Right Hon. John Diefenbaker has done a lot to bring about that agreement. He is the worthy successor of the right hon. Sir John A. Macdonald, since he is following in his footsteps in order to assure everywhere an integral Canadianism from sea to sea.

Mr. Chairman, certain statements made in this house or elsewhere lead to believe that in the province of Quebec nothing, or almost nothing, was done for the furtherance of schooling and education. I should like at this point, Mr. Chairman, to give some figures which can certainly clear up, in the minds of right-minded people—but not of some of those to my left—

Mr. Denis: Name them.

Mr. Ricard: —because they have never been able to understand anything, they are simply imbued with—

An hon. Member: He does not know his left.

Mr. Ricard: They have a bitter taste in their mouth that comes from losing the power. It is only with spite, remorse and resentment that they speak and reveal what is on their minds.

Mr. Rouleau: Rumilly will be shocked.

Mr. Ricard: This house is surely interested in knowing that early in 1959, the province of Quebec had the largest number of university students. Out of a total population of 4,884,000, there were in that province 29,320 students entitled to federal assistance. That is 5,324 more students than in Ontario for the same year.

Mr. Chairman, if we consider that from 1945 to 1959 inclusive, the Quebec government has appropriated the fabulous sum of $768,706,931.34 for public education, it is impossible not to rejoice at the results the

measure before us will bring about. With more money, the Quebec government will, under the able leadership of its present premier, the Hon. Antonio Barrette—who will also be premier after the next election —do a still better job in the province in the field of education and teaching.

In June 1959, during the annual convention of learned societies of this country which was held in Saskatoon, Miss Rosemary Bushell, of the research bureau of the conference of Canadian universities and colleges, stated that among Canadian governments, the Quebec government was giving the greatest help to universities and their students. In the academic year 1956-1957, the Quebec government contributed in a proportion of 54 per cent to student aid throughout Canada, in the form of fellowships and scholarships.

If, Mr. Chairman, we make the comparison between the years 1943-1944, under a Liberal government, and 1957-1958, it will be found that amounts earmarked for university teaching in the province of Quebec, rose from $2,356,000 to $14,570,460, that is, an increase of 600 per cent.

(Text):

Mr. Parizeau: Shame on the Grits.

(Translation):

Mr. Ricard: Such are, Mr. Chairman, the figures I challenge hon. members on the Liberal benches to question. I have quoted them in this house to make the Liberals still more sorry, as you cannot fail to realize, Mr. Chairman, that since the legislation is before us, deep gloom has gripped the ranks of the Liberal party.

Finally, there is a point which we have not been able to solve, Mr. Chairman. During the 20 years they were in power, the question remained pending, and it shall be settled by the Conservative party, to the benefit of those among our people who really want educational advancement.

That, Mr. Chairman, is the way the Conservative government wants to administer things. Indeed, we are always feeling the pulse of the working population and keeping close to it, because the workers are keeping close to us. They have put their trust in us and will never stop trusting us.

Mr. Rouleau: The hon. member spoke differently when the Hon. Duplessis was still living.

Mr. Brassard (Lapointe): Mr. Chairman, I should like to express a few thoughts that came to my mind about the two or three speeches I have heard today. First of all, I was hurt,—and I say so dispassionately,— to hear the hon. member for Port Arthur, (Mr. Fisher) whom I hold in high esteem, speaking as he did of the province of Quebec and its people.

Sure enough, there are fanatics and bigots in the province of Quebec, as in the nine other provinces, but they are not very many.

The province of Quebec is conscious, at least all right-minded people are, that we form part of the Canadian confederation. We understand that Canadian citizens, whether they live in Prince Edward Island, in Newfoundland, in Manitoba or in Ontario, are Canadian just as much as we are, and that we are Canadian just as much as they are.

I really regret that the hon. member for Port Arthur should have spoken the way he did today in this house.

Mr. Bourbonnais: He used to be a Liberal.

Mr. Brassard (Lapointe): He certainly did not do so with a view to promoting good understanding in this country. If he took the trouble of visiting our province, not only for two days, but for a whole week end in Quebec city or in Montreal, and of associating with us, exchanging ideas with us, he would no doubt change his mind about the citizens of the province of Quebec.

There is another argument I should like to adduce in support of what I have just said, and it is that all citizens of the province of Quebec should not be judged by the views of some people who, from time to time, may have expressed very personal ideas which do not represent the general thinking of the population of Quebec.

I should be interested to know what Mr. Claude Jodin will say and what Mr. Michel Chartrand will think of the ideas expressed this morning by the hon. member for Port Arthur.

In any event, I should like to assure him of the friendship of the citizens of Quebec, and I invite him to come to our province and to associate with us. He would soon realize that we are as good Canadians as he is and as are all other Canadians of the other provinces.

Mr. Bourbonnais: It must not be forgotten that he is an advanced Liberal.

Mr. Brassard (Lapointe): Mr. Chairman, I also listened carefully to what was said by the hon. member for St. Hyacinthe-Bagot (Mr. Ricard); in his speech, he made an admission of which I should like to remind him.

He told us that the former premier, the Hon. Paul Sauve—for whom I have never hidden my esteem,—was the originator of this agreement, because he had shown objectivity and realism.

Would that mean, by any chance, that his predecessor had shown no objectivity nor realism in the discussion of those matters?

We have been told that the Liberal administration had neither the courage nor the brains to settle the university question. However, the door was always left open in Ottawa for discussing this problem.

An hon. Member: There was a screen.

Mr. Brassard (Lapointe): We always got the same answers, it was always the same negative attitude. I repeat to my hon. friends —and I say with no ill feelings whatsoever— because if I recall these facts to the weak memory of our hon. friends from Quebec, it is because, as the hon. member for St. Jean-Iberville-Napierville (Mr. Dupuis) pointed out, I think today's legislation is a clear testimony to the memory and glory of Mr. St. Laurent. I join in with all my colleagues to pay him tribute. However, I do not want it to be only in my own words, but I would like to quote in support an excerpt from the *Globe and Mail,* a newspaper which is not particularly close to the Liberal party. Part of an editorial from this newspaper was quoted in *l'Action Catholique* for Friday, September 24, 1954, and I quote:

Such is also the opinion of the Toronto *Globe and Mail*—

The article had just quoted another newspaper:

Such is also the opinion of the Toronto *Globe and Mail,* which believes that Mr. St. Laurent's speech will go down in Canada's history. The article then goes on to take a pot shot at the premier of Quebec.

And here is the quotation from the *Globe and Mail*:

We are quite sure that Mr. Duplessis never intended to start something so constructive. He was merely indulging in politics. But he pushed it to the point where Mr. St. Laurent was forced to answer back, and in his reply, he reached one of the highest levels of statesmanship.

This morning, the hon. member for Chambly-Rouville (Mr. Johnson) challenged the hon. member for Gatineau (Mr. Leduc) to prove that university rectors had spoken up when it was very slyly suggested to them that they were not to accept the grants to universities. I have here a clipping from *La Presse* for November 14, 1956, which bears the title:

Mr. St. Laurent's offer to the universities is unanimously carried.

Let me quote the first paragraph of this article:

The national conference of Canadian universities has unanimously accepted the offer it has received from the Right Hon. Mr. St. Laurent, Prime Minister of Canada, to administer and distribute the funds placed at its disposal to help Canadian universities.

Mr. Chairman, I draw attention to the next sentence:

The representative of the province of Quebec was one of the members of both the finance committee and the executive committee of the conference who took a stand on this matter.

And further on, in an item entitled: "Mgr. Lussier takes a definite stand", I read:

I obey to what seems to me to be a conscience duty and I state strongly our respect for the federal and provincial authority. I think I can state, said the rector, that under the circumstances described, the money that is offered could be accepted for capital expenditures.

The rector of the University of Montreal, Mgr. Irenee Lussier, adopted a truly vigorous stand when he gave his opinion on the acceptance of federal assistance to higher education, without the approbation of his council of governors. As we all know, the council of governors of the University of Montreal includes persons who are in one way or another answerable to the government of the province of Quebec, which places the rector in a delicate situation when it comes to state a truly academic policy.

A little further on, and this is the last sentence I want to quote dealing with the financial situation of the university, Mgr. Lussier added:

That is why we suffer at this time from being in a situation which seems to force us to make an apparently political choice.

Mr. Chairman, I believe this is clear enough, and I am not making up anything. This was published in *La Presse* of November 14, 1956, and those are the very words of the rector of the University of Montreal, Mgr. Irenee Lussier.

Mr. Chairman, it is obvious that we will support wholeheartedly this resolution. As did some Conservative members from Quebec, I want to pay a tribute to Mr. Sauve for having had the intelligence to make constructive and concrete proposals to the federal government.

The only reproach we can make to the former premier of Quebec is that in the field of grants to universities, he always said no, closed the door and walked away. I believe Mr. Sauve acted like a great Canadian in coming here to explain to the Prime Minister (Mr. Diefenbaker) and to the Minister

of Finance (Mr. Fleming) the proposal of the province of Quebec, and in believing that we had no right to deprive of high school and university education, as the hon. member for St. Jean-Iberville-Napierville said, a whole generation of young people.

Mr. Chairman, I said I would not speak for a long time. I close my remarks in saying that we are going to vote with much enthusiasm in favour of the bill which will be introduced after this resolution. We only regret that, in Quebec, it took so long to understand that the duty of a public man is to see, first of all, to the general welfare of the community, before thinking about the re-election of his party and his followers.

(Text):

The Deputy Chairman: Shall the resolution carry? The hon. member for Bonavista-Twillingate.

Mr. Bourbonnais: What does he know about Quebec?

Mr. Pickersgill: Mr. Chairman, I understood one of the hon. members to ask as I rose in my seat, what did I know about Quebec? I know quite a little bit about Quebec, and I have known quite a little bit about Quebec for a very long time.

I was rather astonished at some of the things said by the hon. member for Port Arthur this afternoon, who admitted that only since 1957 when he was elected to this house had he begun to make any serious study of French Canada and on the basis of the three years' elementary course that he had taken, of the affairs of one third of this country, he proceeded to pontificate this afternoon.

I do think that there are some of us who have had a longer time to observe our fellow citizens in Quebec and in other parts of Canada where they speak the French language than apparently has been the case with the hon. member for Port Arthur. I think if the hon. member for Port Arthur, who is a very intelligent member and I think a man of good will—I would not contest that for one minute—and who is also constantly talking about the history of this country, had just reflected on the history of this country in this twentieth century and had been asked, "If you had to pick three men out of all the Canadians who have taken a part in public affairs in this twentieth century, three men who had contributed as much as any other three men to a recognition that this is a country with two equal cultures and a country where citizens, whatever their origin, are equal, who would you pick?", those three men would have been Sir Wilfrid Laurier, Ernest Lapointe and Louis St. Laurent.

I do not say that you could not pick three other names equally worthy, and there is certainly one which I would say was in every respect equally worthy, Mr. Mackenzie King. But I would draw attention to the fact—

Mr. Bell (Saint John-Albert): What about Premier Smallwood? Where would you put him?

Mr. Pickersgill: The hon. member for Saint John-Albert, who is seizing one of those rather rare occasions when I speak to make a speech himself, asks me where I would put the premier of Newfoundland. I will tell him where I would put the premier of Newfoundland: the premier of Newfoundland thought so much of this country when Louis St. Laurent was prime minister that he brought Newfoundland into Canada.

Some hon. Members: Hear, hear.

The Deputy Chairman: Order. I would hope that the hon. member would get back to education and this resolution at some time.

Mr. Pickersgill: I would draw your attention, sir, to the fact that I have not mentioned anything which has not been mentioned by previous speakers in this debate who have not been called to order, and I hope Your Honour will give me the same latitude as has been given to other hon. members because I have no intention to do anything in this intervention other than discuss speeches which have already been made in this debate.

I was discussing the speech made by the hon. member for Port Arthur, who spent a great deal of his time suggesting that because a few people in the province of Quebec took a rather narrow view of Canadianism, just as there are a few people in the city of Toronto and in some other parts of this country who think that they, too, have a monopoly on Canadianism, they are not very representative of French Canada, or indeed of any other part of Canada. I was pointing out that it was perhaps no accident that when one picks four names, as I did, all those four happened to be members of the Liberal party of Canada. Incidentally, the only name which was suggested from the other side was another member of the Liberal party of Canada, a man who helped to complete that dream of confederation which Sir John Macdonald joined with George Brown and a great many other Liberals in bringing about nearly a century ago.

I was also rather astonished to hear several hon. members sitting over on this side of the house but not in this party suggesting

that there was something rigid and intransigent about the attitude of the government which was in office when Mr. St. Laurent was prime minister. But I was very pleased to observe that that attitude was not taken by the hon. member for Bellechasse, who speaks after thinking instead of before thinking as seems to be the case with some hon. members supporting the government sitting to my immediate left. The hon. member for Bellechasse, in speaking in this debate the other day on the subject which is now before us, had this to say, as reported on page 2241 of *Hansard* for March 18 last:

(Translation):

Last year, I had the opportunity—as I also did during my election campaign—to say how much I had admired the gesture of the Hon. Louis St. Laurent who, after having found opposition in Quebec, and being aware that this opposition was due to a firm wish to observe the constitution, agreed, after a meeting with the Hon. Maurice Duplessis, to increase from 5 to 10 per cent the individual income tax deduction, so that provinces wishing to do so, and more particularly the province of Quebec, might exercise their own jurisdiction in the taxation field.

(Text):

That is the rigidity which was shown by the previous government. The fact of the matter is that ever since 1957 this country has been living in the kind of world which was described by Lewis Carroll in "Through the Looking Glass and what Alice found there". Everything is reversed. Not only is the former government—this is normal in parliamentary institutions to which I take no objection—now in opposition and the former opposition now in government, but history has to be changed too. All the past has to be changed by hon. gentlemen opposite. They are not satisfied with their own achievements; they must change everything that happened before. But I am glad to say that the hon. member for Bellechasse, who seems to have somewhat more regard for the facts than some hon. members on the other side of the house, has really rather exploded that whole silly notion.

The fact of the matter is that the problem we are now considering is this. I am not now talking particularly about university grants but rather about the main problems of the division of the direct tax field between the federal parliament and provincial legislatures. This is the problem which was elucidated so well a few moments ago by the hon. member for St. Jean-Iberville-Napierville when he cited from memory—and incidentally his memory is a lot better than that of some hon. gentlemen—the provisions of the British North America Act both in sections 91 and 92 with respect to taxation. He pointed out that far from the federal parliament ever having tried to invade the provincial field, a former provincial premier put as a preamble in his legislation a statement that was not true and not in accord with the constitution, and that the premier of Quebec regularly claimed that he had a power which under the constitution the legislature of Quebec did not have at all and that is the exclusive right to impose direct taxes.

If the former premier of Quebec had believed that—no, probably I should not say that—but if the premier of Quebec had really felt he could sustain that position in the courts, why did he not challenge the income tax? Why did he not challenge all this legislation in the courts?

If the Solicitor General really believed the things he said in this chamber when he sat on this side why did he not refuse to join the government that continues to impose an income tax? One hon. gentleman said earlier today in this debate that when Sir Thomas White proposed an income tax in 1917 it was a temporary measure for wartime. That is what Sir Thomas White said, as one hon. gentleman reminded us earlier. That is true enough but like many other temporary measures including some of the so-called temporary buildings they last quite a long time. I do not believe the Minister of Finance is going to get up and tell us that his follower is now his leader and that he is going to scrap the income tax and change his budget. In fact, far from that, he gave us a whopping addition to it only last year.

The plain fact is that there has been a marked change since 1957 in the attitude of the government of Canada toward the governments of the provinces in this field but that change is quite the opposite of what hon. gentlemen opposite said it would be when they sat over here. In 1957 the old tax rental system was coming up for revision. The agreements would have expired and did in fact expire on March 31, 1957. More than two years before that Mr. St. Laurent as prime minister of this country called the first conference to discuss this matter. Again I remind hon. gentlemen this was done two years before the impending expiry. Counting all the various meetings that were held, five meetings were held with provincial representatives before the final proposition was brought into this house by Mr. Harris in 1956. In the course of those discussions many modifications were made at the suggestion of the provincial governments.

After that long process some finality, of course, had to be reached and the legislation was brought in which was described by the

present Minister of Finance as incomprehensible. I think that is the word he used. I have *Hansard* here if I am challenged, but I do not think I will be. And while it is true that in the end the Tory opposition did vote for that bill, or at least did not vote against it—

Mr. Fleming (Eglinton): In 1956?

Mr. Pickersgill: Yes.

Mr. Fleming (Eglinton): Oh yes, we did.

Mr. Pickersgill: Did you vote against it?

Mr. Fleming (Eglinton): Yes, we said it was quite inadequate.

Mr. Pickersgill: I asked the minister if the opposition of that day voted against it?

Mr. Fleming (Eglinton): The Federal-Provincial Tax-Sharing Arrangements Act?

Mr. Pickersgill: Yes.

Mr. Fleming (Eglinton): Yes.

Mr. Pickersgill: Was there a division?

Mr. Fleming (Eglinton): Yes.

Mr. Pickersgill: I had forgotten that but I accept the minister's correction gladly because it strengthens my argument. My argument is that this so-called inadequate and incomprehensible legislation is still the law of Canada and no improvement has been made except that a small dividend has been added. I suggested the other day when I spoke before, and I will not elaborate that point because I have already made it, that a small dividend was added for one reason and for one reason only and that was that the government did not get a majority in 1957 and they were going to the country again in 1958 and that they felt that this addition of 3 per cent reduction allowed in the personal income tax would be of some electoral advantage to them. I suggest that if the Conservatives had got a clear majority in the election of 1957 there would have been no change whatever in the tax-sharing arrangements act until the time of its expiry in 1962. It is very obvious that from March 31, 1958 we have had no suggestion that there would be any improvement. But, we have had some very extraordinary things said.

The Minister of Justice has turned out to be one of the greatest financial experts in this country. He went down to Newfoundland a year ago to make peace in Newfoundland and to tell the Newfoundlanders how much better off they were than they used to be and he did so in a toplofty patronizing way that was not much appreciated in Newfoundland. The hon. gentleman also went to Quebec to tell the people of that province how much better off they are now under a Conservative government than they were under the government of Louis St. Laurent. He went to speak to the women's Conservative club in Quebec and I notice that the Ottawa *Journal* quoted what the minister had to say. In order to verify this I got a copy from the minister's office of the translation of his speech but this quotation from the *Journal* seems to be very adequate for the purpose. Here is what the hon. gentleman said:

> We (the Conservative government) constantly show ourselves ready to study each problem on its merits, and there can be no doubt that to date the relations between the provincial and federal authorities are less strained than ever before.

This speech was made on November 25, 1959 and the report appeared in the Ottawa *Journal* of December 1. I draw attention to the fact that it was the Minister of Justice who said this. Let us just consider the evidence. This statement was made in 1959. That was the year this government repudiated the constitution of Canada and the obligations of Canada under the terms of union with Newfoundland thereby vastly improving our relations with Newfoundland, and the only two members of the Newfoundland legislature who supported this government were both defeated at the polls in the provincial election.

An hon. Member: What has this to do with education?

Mr. Pickersgill: An hon. gentleman asks me what this has to do with education. What we are discussing are the federal-provincial financial arrangements and a minor improvement this government—which claims it has created greater harmony and reduced strains with the provinces—claims to have made in that way.

What is the evidence? I refer to Newfoundland as an example but some people will say that is an extreme illustration. I will bring evidence from some of the other provinces. I have here a news item from the Cape Breton *Post* of October 16, certainly a newspaper that has never been accused of supporting the Liberal party and one which I think most people would regard as a very strong Tory paper. This is a Canadian Press story and no doubt it appeared in many other newspapers. I just happened to pick up this one. This was the day after the Minister of Finance had that meeting last October with the provincial ministers of finance and provincial treasurers. Here are what some of them said about this new state of harmony:

> British Columbia's premier Bennett said "it's just what we expected" but he criticized "inane policies" of the federal government which had produced a big deficit—

Then, the provincial treasurer of Saskatchewan said:

We are, of course, very unhappy about the decision. All the provinces are unhappy.

He called it a breach of faith. One could go on and quote a good many others, some of them not exactly opponents normally of the present government. I shall now quote Premier Stanfield. This is from the Halifax *Chronicle-Herald* of the same date. Premier Stanfield, speaking of the conference, said he was not surprised that Ottawa was unable, because of the deficit financial position, to grant further moneys. He went on to say:

It does not follow logically that nothing could be done on an interim basis before the tax sharing arrangements expire in 1962.

I do not suppose from one end of the country to the other there is the head of any government that supports the government at Ottawa more than Premier Stanfield does, unless it is possibly Premier Flemming of New Brunswick. Premier Stanfield said that what the minister is proposing now is not logical. He said he hoped next year Ottawa's financial position would be sufficiently improved to permit something more to be done for the provinces during the current agreement. We are now being told nothing more is going to be done.

I might add that as you go further west you find that the complaints get a little stronger. For instance, in the Toronto *Telegram* we have this item:

Ottawa deaf to provinces' plea.

The provincial treasurer of Ontario, Mr. Allan, said that a tax adjustment was not only desirable but absolutely necessary. Mr. Roblin said the position of the federal government—

—indicated that if there is a federal surplus next year Ottawa will have to change its stand toward the provinces.

In the Winnipeg *Tribune* of October 17 we find an editorial entitled "Closed Door". Indeed, that is all the Minister of Finance has ever done. He and the Prime Minister gave a solemn promise, a solemn undertaking, in November, 1957 that they would have another federal-provincial conference in January of 1958. They broke that promise. They made a unilateral decision by telegram, and that is all that has ever happened since, except this meeting where, as the Winnipeg *Tribune,* one of the normally strong supporters of this government, said they closed the door.

Of course, you can hardly pick up a newspaper without reading a heading like this one. This is from the Ottawa *Journal* of October 20:

Frost Attacks Ottawa

It has to do with this matter. Then, on January 5, 1960, we find this in the Toronto *Star*:

Frost Won't Pay Tax "Due" Ottawa

Then, on February 5, 1960, the Ottawa *Journal* carried this headline:

Frost Seeks Extra $100,000,000 From Federal Treasury

I could read these but everybody has read them. I am just putting these things on the record to show this wonderful harmony that has been created by the Prime Minister and the Minister of Finance, and that latter day John the Baptist, the Minister of Justice, who goes talking about this harmony all over the country with a singular regard for the facts and the figures.

Then we find in the Toronto *Telegram*—and, if ever there was a newspaper that ought to be grateful to the government, it is that one, as the Minister of National Revenue I am sure will readily admit—

Mr. Nowlan: I do not know what the hon. member is talking about.

Mr. Pickersgill: In the Toronto *Telegram* of February 25, 1960, we find the following:

Queen's Park Blasts Ottawa
Proposes Tit-For-Tat Taxes

Then, the Ottawa *Journal* of February 26 carries this heading:

Frost Stresses Need for Expansion Money

Again, Mr. Frost wants his $100 million. In the Hamilton *Spectator* of March 29 we find the following:

Frost Hints Tax-Sharing Demands May Broaden

In other words, he may not even be satisfied with $100 million. He says:

Ottawa's position had been unrealistic and unjust.

This is the harmony; this is what they have achieved.

Then, of course, when you go a little further west into Manitoba you find the present premier of that province who said he was modelling himself on the present Prime Minister of Canada; he was a real follower of John; where John went he was going to go. This was before he became the premier. He is also the provincial treasurer who had to encounter the Minister of Finance of this country. Here is his budget speech. I hold in my hand the Manitoba *Hansard.* I think hon. members ought to see what this harmony is we now have; I think hon. members ought to see what this Tory premier, who has just won a very considerable victory in that province, has to say about the measure that is now before us and about the attitude of this government. I quote from page 20 of the

budget speech, which is to be found in the Manitoba *Hansard* for March 17, 1960:

The problems of intergovernmental relations in the past year have bulked large on the governmental scene. There has been some progress. Hon. members will recall that, following the plenary dominion-provincial fiscal conference of November, 1957, it was expected the conference would be reconvened early in 1958 to examine fully the requirements for improvement in the financial status of the provinces.

Hon. members will see what Mr. Roblin said:

It was expected the conference would be reconvened early in 1958 to examine fully the requirements for improvement in the financial status of the provinces. This meeting did not materialize.

I suppose that is as far as a Tory can go. He means they did not carry out their promise. I continue:

It was not until midsummer of 1959 that a committee of ministers of finance and provincial treasurers met in Ottawa.

This committee, by its very nature as it became clear, could not resolve the issues at stake.

I cannot take the time of the committee to read all of this but I will read the choicest extracts. I go to page 21, and here is what he said: Here is the provincial treasurer and premier of Manitoba talking about the Minister of Finance:

Our claim for increased revenues from this source received short shrift at the hands of the Minister of Finance.

That is the way those who were going to have a new regime of harmony, who were going to do away with attitudes of the past, acted. This is what one of their best friends, a great follower of John, had to say:

Our claim for increased revenues from this source received short shrift at the hands of the Minister of Finance. He maintained that his own budgetary situation would not permit any further "concessions" to the provinces. This was a position we could not in all logic accept.

Maybe they could not accept it in logic, but they could not pry anything out of the Minister of Finance either. I continue:

This stand suggests that a province's entitlement—

I hope some of those hon. members who are such great exponents of provincial autonomy are listening to this.

This stand suggests that a province's entitlement to a share of taxation revenue is based on whether or not Canada feels she can afford it.

That is what Mr. Roblin is saying about a Tory government. I continue:

But the provinces are not mere residual partners in the Canadian confederation.

This is a Tory premier talking about a Tory Minister of Finance in Ottawa. I continue:

We cannot accept the implication that we must wait for some unstated level of dominion revenue before we receive recognition of our just rights.

[Mr. Pickersgill.]

Two years, only two years, and this is what we get.

To do so would be contrary to the whole principle and spirit of confederation.

This is the Tory premier saying that what the Minister of Finance is doing is contrary to the whole spirit and principle of confederation.

I venture to suggest it would be contrary to the interests of Canada itself.

Then he went on:

We were unable to persuade the Minister of Finance to recommend to his colleagues any further changes in the level of tax-sharing. We have not given up hope—

Mr. Roblin can go on hoping but I do not think his hopes are worth much.

—for an improvement in 1961-62, but it likely will be 1962-63 before we can expect to secure a more realistic share of the taxation pool.

That is as good a friend as the government has left today after two years.

Mr. Fleming (Eglinton): We have still got you.

Mr. Nowlan: We have got so many you cannot even recognize one from the other.

Mr. Pickersgill: They do not do much talking any more. They are not quoted much in the newspapers any more, while their erstwhile friend talks—

Mr. Bell (Carleton): When the hon. gentleman talks he is the best friend of the government.

Mr. Pickersgill: As a matter of fact, that has come nearer to making me sit down than anything I have ever heard. If I did not recognize that the hon. member for Carleton would not have said that without an ulterior motive it might have brought my speech to an end.

Mr. Nowlan: You are doing very well, keep it up.

Mr. Pickersgill: Here is another very interesting thing said by Mr. Roblin which shows that when you get a little distance away from Ottawa you sometimes recognize some of the facts of life. He said:

One of the advances made in the 1955 and 1956 negotiations was the recognition of the principles of equalization and stabilization.

The Deputy Chairman: I am sorry to interrupt but I have to advise the hon. member that his time has expired. Shall the resolution carry?

Mr. Chevrier: Before the resolution carries, will the Minister of Finance answer the questions I put to him at an earlier stage of the debate on March 18, I believe.

Mr. Pickersgill: Before the minister answers, I have a few other observations I should like to make. When the hon. member for Laurier was good enough to interrupt me and put me in order without having to ask the indulgence of the committee, which I would have been reluctant to do—

Mr. Nowlan: Purely a coincidence.

Mr. Pickersgill: —I was just about to refer to one or two other observations made by Mr. Roblin in his budget speech. In case this has not been drawn to the attention of the Minister of Finance, I feel that it should be drawn to his attention. Mr. Roblin said:

One of the advances made in the 1955 and 1956 negotiations—

That was when what we were doing was incomprehensible and inadequate, as the Minister of Finance said, but the premier of Manitoba does not seem to think so.

—was the recognition of the principles of equalization and stabilization.

This is very important, because for at least six of the provinces this is the differerence between life and death. The principles of equalization and stabilization are the difference between having autonomy and not having autonomy. Mr. Roblin went on to say:

It is true that there was a substantial element of fiscal need contained within the rental payments of the 1947 and 1952 tax agreements—

This is a great tribute from a Tory premier to the Liberal government and to what Mr. Harris and Mr. St. Laurent did in 1956.

—but it was not until the Federal-Provincial Tax-Sharing Arrangements Act of 1956 that these two principles received open statutory acceptance.

Here is the premier of Manitoba saying that the system we have now is the system that Manitoba needs. It is the system, of course, that every one of the six provinces that could not possibly finance within their own limits has to have if they are to have any real autonomy, and I can tell you that the $60 million Quebec is getting by way of an equalization payment is pretty necessary to Quebec too. The provincial treasurer then went on to commend the government, as I have commended it every time I have mentioned the subject, for establishing the Atlantic provinces grants. I say that that is the one and only useful thing the government has done since it has been in office. Here is what Mr. Roblin said about it:

Unfortunately, Canada was not prepared to accept the logic of its own conclusions.

By "Canada" he means the Tory government.

The payments were limited to the four eastern provinces and were not extended to any other that might, under like conditions, be able to qualify under the formula. We may, however, reasonably hope that the principle, having once been accepted, will in the next fiscal arrangement be carried to its logical and equitable conclusion.

So say I, and so says the leader of the opposition in Nova Scotia, Mr. Hicks, who promptly made this suggestion at the very time these Atlantic grants were started, and in equity it is the only fair way to do it. Mr. Roblin goes on:

The continued acceptance and extension of the joint principles of equalization and stabilization are basic principles on which any Manitoba case must be founded.

I repeat, "The continued acceptance and extension of the joint principles of equalization and stabilization". I remind you, sir, that these principles of equalization and stabilization were fought by the Tory party when it was in opposition. They were going to substitute a new system of allocation of tax fields. Any system of allocation of tax fields would be absolutely ruinous to six provinces in this country, and Mr. Roblin has made it very clear that he recognizes that fact. He says:

The continued acceptance and extension of the joint principles of equalization and stabilization are basic principles on which any Manitoba case must be founded. These are not concessons to this province, either on the part of Canada or any other province. They are essential factors in maintaining the rightful status of the provinces in the Canadian economy. These principles remain paramount. It will be our objective to see that they are applied in a formula more effective than that existing at the present time.

If a more effective formula can be found no one on this side of the house will oppose it, but until it is found we certainly stand by the formula that Mr. St. Laurent and Mr. Harris introduced, that the hon. member for Bellechasse gave a blessing to, and that the Tory premier of Manitoba has said is essential to the preservation of provincial autonomy and equality among the provinces.

Mr. Regnier: Mr. Chairman, I want to make a few brief remarks. First I wish to thank the Minister of Finance for settling a problem that has been existing for too long, that of giving all provinces a share in the aid to universities. I should also like to thank the hon. member for Bellechasse for the remarks he made about the help that the province of Quebec gives to French colleges outside of that province. It is probably doubtful whether such help is within the constitution. Hon. members all know that the provisions contained in section 93 and 133 of the British North America Act, which relate to separate schools and the French language, are equivalent to sections 22 and 23 of the Manitoba Act which was passed in 1870 and which granted the same privileges with respect to schools and language as have been granted to the minority in the province of Quebec.

I am happy to say that the province of Quebec has treated the English Protestant minority very well and I hope that the province of Quebec will always do so. But although in Manitoba we have the same constitutional rights as the province of Quebec, as all hon. members know, we have lost all our rights. We have left no vestige of the rights that were granted by our own provincial constitution.

Recently a royal commission was formed to study educational problems in Manitoba. The five members brought in a unanimous report advising the provincial government to grant 80 per cent of the amount paid to public schools for the support of separate and private schools. However, since that time the Winnipeg *Free Press,* that great Liberal paper which supports freedom for the South Africans and freedom all over the world, is exhibiting intolerance at home by advocating that the people who support separate schools pay double taxes. I have faith in the tolerance of my fellow English and Protestant citizens in the province of Manitoba. There are always bigots like the Winnipeg *Free Press* fanning the flames of intolerance.

I should like also to challenge a few of the remarks made by the hon. member for Port Arthur when he attacked the hon. member for Bellechasse for advocating the right of the province of Quebec to help maintain French culture outside of the province of Quebec. The hon. member for Port Arthur said, are you in favour of a continuation of strife? I do not believe that merely because the French speaking Canadians outside Quebec fight for the maintenance of their culture they are continuing strife. It is just a struggle to keep their own culture.

If one reads the speeches of D'Arcy McGee, Brown, Macdonald, Cartier or even Mr. Rose, who represented Montreal Centre you will find that confederation was a partnership between the French and English races in Canada. Unless both cultures are treated equally, we will never have perfect unity in Canada. I do not believe we should try to argue on the basis of the British North America Act or even to stand on the Manitoba act of 1870, but we should lay more stress on the good will of Canadians generally. Unless we treat one another as equals, there will never be harmony, and it is only through harmony that Canadian unity can exist.

Mr. Habel: Mr. Chairman, I had no intention of taking part in this debate but, after listening to the hon. member for Port Arthur, I have to say a few words on this resolution.

I contend, as did the hon. member for Lapointe, that the hon. member for Port Arthur should have tried to understand the position of the French Canadians in Quebec before putting forward his point of view. I regret the stand he has taken and no doubt, on some future occasion the hon. member will find an opportunity of explaining that this was not exactly what he meant.

As a Canadian of French descent, born in the province of Quebec and partly educated in that province, I had occasion some years ago in the Ontario legislature to speak on a motion relating to the tax-sharing agreements. I feel it would be in order for me to quote certain passages from the speech that I made in order to show that in circumstances like these the fullest co-operation should be given by those in authority.

At this point I want to say that I think the hon. member for Gatineau as well as the hon. members for St. Jean-Iberville-Napierville and Lapointe have made it quite clear that if the premier of Quebec had wanted to come to an understanding it would have been as easy to do so under the Liberal administration as it seems to have been under the Conservatives. On that occasion when I was speaking in the Ontario legislature, I made the following remarks:

> It is not my intention to weary the house with a long discussion of this motion, but I want to put myself on record as being one who believes that a strong federal government system is what we need in this country. However, I also want to put myself on record as being one who believes in it at all times, not as the prime ministers of Ontario and the premier of Quebec, only when it serves their poltical ambitions and purposes.

Later on I said:

> This motion, worded as it is, is nothing less than a smokescreen for the prime minister of this province and his government, who are trying to be forgiven for his stubbornness in regard to dominion-provincial relations.

I went on to say, Mr. Chairman, and I hope the hon. member for Port Arthur will note this:

> I do repeat, Mr. Speaker, that Ontario and Quebec are part of this dominion and when we ourselves, boast of being the two provinces paying most of the income tax and profit tax, why not be sincere, yes, honest, about it, and admit that we are also the two leading provinces of Canada in industries and farming? Where would we be if we did not have the other seven provinces—

Now, it would be eight provinces.

> —as buyers of the very things we are producing in these two provinces?

Later on I mentioned the fact that the people of this country are getting more and more conscious of our nationhood, and they have a right, especially in a world seeking real peace, to expect that men clothed with the responsibility of co-operating in solving

such an important question will bury their political differences and their political war hatchets, and work harmoniously for the general welfare of the people when so much is at stake.

I could go on with other quotations as well, but I did think it was worth while to put on the record these examples in order that they may be before hon. members from Quebec, for whom I have great respect. The other day one of them said I had made a statement in this house for which I would be sorry. In fact, he told me personally that I had said, while a heated discussion was taking place in the house, that we were not in Quebec. What I said was that it looked very much like the debate in the legislature of Quebec. At that time I was just repeating the very words used by the Speaker of the house in Quebec just a few days previously in the legislative assembly.

For their edification I want to say that the whole question of tax arrangement is also tied up with the question of social security as well as that of university grants. I said before that in order to try at least to partly indicate the situation to the younger members from Quebec I would read for them what Mr. Bennett said in 1935. I said in the legislature as follows:

> Now I will quote from a speech by the Hon. R. B. Bennett in 1935, which should enlighten the Conservatives of today and show them how to act. The Hon. R. B. Bennett spoke at the Royal York hotel on February 24, 1935, and here is what he said:
>
> "The election will be amongst you like a thief in the night ...
>
> I realize that under our modern society we must do something to reform present conditions. If we had attempted to do this in 1930 we could not have survived ...
>
> As time went on we were convinced that the capitalistic system could be saved if it was freed from all its present abuses. When you engage in an enterprise you expect to profit by it. But we see what has happened. The poor have become poorer, and the rich have become richer ..."
>
> At another point he said:
>
> "Do you want socialism or communism? If not you must reform the capitalistic system..."
>
> And at yet another point:
>
> "Over my shoulder every day go the ghostlike features of the past. I see them every minute of each night and day. These reforms will and must come or the capitalistic system will fail, and I know not what will come in its place except anarchy."

In conclusion, Mr. Chairman, may I say this? The tax-sharing arrangement is one which enabled the federal government to carry on with social security measures and also later on in granting certain aids to the universities. I cannot understand why the province of Quebec—except perhaps for purely political motives—could not have found it possible to come to an understanding previously as they are doing today. We heard a great deal of commendation stating that this change in the act was to serve national unity. I sometimes wonder whether my friends from Quebec are serious about the whole matter. I hold in my hand here an advertisement paid for by the Conservative candidate in the riding next to mine in 1958. He put the proposition to his voters as follows:

> You shouldn't have to support municipalities in other provinces,—

If we want to be Canadians I think we must look at the whole matter as Canadians, from whatever province we come. If we are fortunate enough to be in the province of Ontario or in the province of Quebec—the two leading provinces in this country—and if we want to act as Canadians, we must take every opportunity to help the other provinces which may not have as much as have the two provinces which are benefiting from the industry within their borders. As I said at the beginning of my speech, Ontario and Quebec are prosperous because we have eight other provinces as customers. We should look at them not only as customers but as Canadians.

Mr. Chevrier: May I get a reply from the minister?

Mr. Fleming (Eglinton): The hon. member for Laurier put several questions when this resolution was under debate two weeks ago. I think I can tell him that the answers to his questions are plainly contained in the bill which I hope to have an opportunity of introducing in the house this afternoon. It is quite clear that in the case of the province of Quebec the 1 per cent corporation tax will exceed, and by a substantial sum, the equivalent of $1.50 per capita; and the adjustment at the end of the year will be made by way of a deduction from the equalization payment that accrues to the province under the provisions of the act.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill C-56, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

Motion agreed to and bill read the first time.

TRANS-CANADA HIGHWAY ACT

AMENDMENTS TO EXTEND PERIOD OF PAYMENTS AND INCREASE MAXIMUM EXPENDITURES

The house resumed from Thursday, March 31, consideration in committee of the following resolution—Mr. Walker—Mr. Rea in the chair:

> That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to extend

until March 31, 1964, the period during which contributions or payments may be made to the provinces under the act and to prolong until December 31, 1963, the period in respect to which construction costs may be incurred under this act; and to provide also that the aggregate of all expenditures under the act may be increased to a maximum of four hundred million dollars.

(Translation):

Mr. Habel: Yesterday, Mr. Chairman, I began some remarks, a few minutes before the house was called to the hon. Senate. I shall try to complete what I wanted to say before the time set aside for the discussion of private bills.

I mentioned yesterday that we have now a trans-Canada highway which allows all Canadian citizens and indeed many transportation companies to travel entirely on Canadian soil.

I realize, following the speech made yesterday by the hon. member for Port Arthur (Mr. Fisher) that conditions west of Port Arthur, towards Winnipeg, do not seem too favourable. It nevertheless remains that there is now a trans-Canada highway. And, as I said yesterday, I was surprised to find that the hon. minister did not, even this year, choose to consider the inclusion in his resolution of a second trans-Canada highway, which could easily exist; not that I am opposed to the present route which goes through the south eastern and northern parts of Ontario, but I believe it would interest the minister to know conditions as they are now.

Indeed, we should admit that from a national defence point of view, we should have the necessary roads, in case of an attack.

Perhaps we do not realize that it might be easy to supply with an alternate route the people of northern Ontario and those of the northwest section of the province of Quebec. I said yesterday that there is now a practicable road, and paved for the most part between Longlac and North Bay, through Hearst, Kapuskasing and Cochrane. Now we would have to open a new road linking the northeastern part of the province of Ontario to the northwestern portion of the province of Quebec. That will leave only a 52-mile stretch of road to build, which after all does not mean an extraordinary expenditure, since the road from Cochrane to Hearst, which I mentioned a moment ago, is almost paved.

It seems to me that such a road would be advantageous because it would give us direct access to the west or allow us to reach cities like Montreal and Quebec, so that we could travel on the road going through the Laurentian park. I say that that road would be necessary even for national defence purposes, especially if the government relies so much on the famous Bomarc installations—I do not intend to wander away from the resolution—because it just so happens that our region is, neither more nor less, under the umbrella where the famous Bomarc can cause the greatest damage. And there may be a time when the people of Kapuskasing, Hearst, Smooth Rock Falls, Cochrane and even of the Quebec part of the Abitibi may have to exacuate those twons as a result of what damage the famous Bomarc may cause there.

Therefore, I feel that the government should study that situation seriously. I remember that during the second world war, the Ontario provincial government, in order to contribute to the protection of the country as far as national defence was concerned, undertook to build a 163 mile stretch of road between Hearst and Longlac, which resulted in our having the existing trans-Canada highway.

It seems to me that the minister might have included in his resolution the building of a second direct road between the northern part of Ontario and the northwestern part of Abitibi.

In addition to being useful for national defence purposes, the building of such a road would supply jobs for the people of Abitibi and for the population of northeastern Ontario, because many lumber camps are operating in that area. At present, as we know, even the wood-workers return home by car every night so as not to remain overnight in the lumber camps.

This could also be a very interesting project for the tourist industry. I would therefore ask the minister to consider this matter because it is only a question of 52 miles. I must also point out, Mr. Chairman, that a survey was made in 1937-38 and that, but for the war of 1939, I am convinced this road would have been built by now.

(Text):

The Deputy Chairman: Shall the resolution carry?

Mr. Pickersgill: Just before the resolution carries, Mr. Chairman, I wonder if the Minister of Public Works could answer the question which I put to him the last time we were in committee.

Mr. Walker: In due course I hope to be able to answer many questions, Mr. Chairman.

Mr. Pickersgill: I think probably the resolution would carry before five o'clock if the minister could give his answer.

Mr. Walker: That is very good news and under those circumstances I would be delighted.

I read with pleasure the statement of the hon. member for Bonavista-Twillingate reported in *Hansard* of the next day, but really he raised a point which in reality does not require any answer, All he was bringing to the attention of the house was not something which had been said by the right hon. Prime Minister, and not something which had even been suggested by the right hon. Prime Minister. All he brought to the attention of the house was an advertisement in a provincial election, and all it recounted was the belief of a certain man from Newfoundland.

If I had to comment on what some other person believed, Mr. Chairman, I would be inundated with questions from now to eternity and never get through trying to answer them. I refuse to make any comment about what this man believes, any more than I would make any comment on the Maple Leafs believe they are going to win the championship. Because they believe that, it does not mean it is the fact that they will.

Mr. Pickersgill: Mr. Chairman, I just want to make one observation. I was not asking the minister to comment on a belief. The leader of the minister's party in the province of Newfoundland, who championed their party when they could hardly find any other champion, made the statement that he had telephoned the Prime Minister about this, and I asked the minister whether he did telephone the Prime Minister and, if so, if he would find out from the Prime Minister what the Prime Minister actually said to Mr. Hollett. If he does not choose to answer that question then I will not hold up the business of the house.

Resolution reported and concurred in.

Mr. Walker thereupon moved for leave to introduce Bill No. C-57, to amend the Trans-Canada Highway Act.

Motion agreed to and bill read the first time.

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

PRIVATE BILLS

HELEN FRANCES ESTELLE KEARNEY FREEMAN

The house in committee on Bill No. SD-34, for the relief of Helen Frances Estelle Kearney Freeman—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Howard: Mr. Chairman, there are four children in this case, ages 15, 12, 9 and 6 respectively. As I have said before, we should consider the welfare of the children in these cases especially if the divorce is granted. The marriage took place in 1943 and there is a long history of marital discord resulting in desertion.

At page 12 of the evidence the divorce committee of the Senate thoroughly examined into the matter. I propose to refer to this evidence to illustrate the amount of weight given to the background of the marriage as compared to that given to the circumstances relating to adultery.

Mr. M. Joyal of Ottawa appeared as counsel for the petitioner. He examined into the background of the marriage and at page 12 the following evidence is recorded:

Q. You are not living with your husband at the moment?
A. No.

I point out that Mr. Joyal asked a leading question almost suggesting the answer. I continue:

Q. When did you separate from him? Or did you separate more than once from him?
A. Yes, about three or four times.

Obviously Mr. Joyal knew the answer before it was given. I continue:

Q. What were the grounds or reasons?
A. Promiscuity and alcoholism.
Q. Was this promiscuity and alcoholism the subject of some conversation between you and your husband?
A. Yes, it was.
Q. On one occasion, or on many occasions?
A. On many occasions.
Q. Did you ever resume cohabitation with him after he might have made certain promises?
A. Yes, I did.
Q. Were those promises kept?
A. No.
Q. Did he resume, so to speak, his habits of alcoholism and promiscuity?
A. Yes, he did.
Q. Forgetting about the alcoholism, which is a problem in itself, what about his promiscuous habits? Was it with one person?
A. Just about everybody.
Q. With any one person, was it over a short period of time or a more extended period of time?
A. Once, for a year and a half, and the last time about a year and a half.
By the Chairman (Senator Taylor, Westmorland):
Q. What do you mean by a year and a half?
A. Well—
Q. Was he keeping company with another woman for a year and a half?
A. Yes.

Q. Do you know that to be a fact personally?
A. Yes. He took her out in public I know that, indeed. I know where she lived—the last one he lived with.
By Senator Barbour:
Q. Did they live together for a year and a half?
A. Oh yes.
By the Chairman (Senator Taylor, Westmorland):
Q. He left you entirely and went to live with this woman?
A. Yes.
Q. And he came back again to you?
A. No, he did not come back after that.

The evidence indicates a series of desertions and reconciliations resulting in a final desertion. Mr. Joyal and the hon. senators were concerned about the question of desertion and what may be characterized as cruelty, involving alcoholism, extended promiscuity, the failure to keep promises and ultimate desertion. I shall return later to the subject of cruelty.

Some evidence was given concerning arrangements for the maintenance of the children. Mr. Joyal questioned the petitioner about this and the following exchange is recorded at page 13 of the evidence:

By Senator Barbour:
Q. Did he support you?
A. Sometimes.
By Mr. Joyal:
Q. You did something about this. You took action in the superior court?
A. Yes.
Q. In what year?
A. It was two years ago, and Mr. Hetu was the lawyer.
Q. About 1957 or 1958?
A. Yes.
Q. Since that action was instituted have you resumed cohabitation with him?
A. No.
Q. Was that action on your part successful?
A. Yes.
Q. What was that action? Was it an action for separation from bed and board?
A. Yes, it was.
Q. And was judgment granted in your favour?
A. Yes.
Q. What did you allege in the action—adultery and alcoholism on the part of your husband?
A. Yes, and beating.
Q. Was there cruelty also?
A. Yes.
Q. In any event, judgment was granted in your favour?
A. Yes.
Q. Were you given custody of the children?
A. Yes.
Q. Were you given an order for an allowance for maintenance of the children?
A. Yes.
Q. Have you been in receipt of that allowance, more or less?
A. Yes, I have been.
By the Chairman (Senator Taylor, Westmorland):
Q. What was the amount?
A. $50 a week.
Q. For both yourself and the children?
A. Yes.
By Senator Barbour:
Q. That would be for the children, would it?
A. Well, yes.
By Mr. Joyal:
Q. Was that $50 a week for yourself and the children or for the children alone?
A. Well, when we had the separation it was for myself and the children.

I take it from the evidence, therefore, that $50 a week is provided for the wife and children. I think it is an excellent thing to conduct an examination into the question of maintenance in cases where there are children. It is apparent that the Senate pays not much attention. In fact, they feel they should not do this sort of thing, and ask questions about maintenance of children. I am quite sure, in their moral concept of these things they know full well we are liable to a degree if we are to be asked to pass a divorce bill. We are liable to the extent anyway of wondering about and concerning ourselves with the welfare, maintenance and upkeep of the children following the granting of the divorce

Even though some days ago the hon. member for Halifax raised, and quite properly so, the matter of jurisdiction because of the division of jurisdiction, and the question of this committee having the function of concerning itself with the maintenance of the children, and even though the chairman, at that time ruled that, because maintenance was not a matter upon which we could pass judgment, we should not concern ourselves with it, I do hope that the chairman of the committee at this time will be more lenient in this regard, certainly to the extent at least that the committee of the other place has been lenient in this regard in wanting to concern itself about the welfare of the children.

It is a commendable attitude for the members of the other place to take, and we would be well advised to follow their example. I do not say we should disregard the rules; I do not want to do that, but we should give expression to our moral thinking when it comes to the maintenance of the children.

When it comes to the actual grounds which are considered in granting a divorce we find that this case is similar to another one to which I had the opportunity to make reference the other day. One of the private eyes in this case again is Mr. Charles Charron, age 53, Montreal, Quebec who, I believe I indicated, has also been an investigator, whatever that is, in these cases. He has appeared as a witness in some 36 cases before the committee in the other place this year. If I am wrong in that figure I stand to be corrected. In his activities in those cases and in other years he is well aware of divorce proceedings; he is well aware of the points he is required to make to ensure that the proper—I put it that way generously —evidence is given to the committee of the

other place and to this house and also to ensure that the relative questions and tests that by practice must be made—normally they are circumstantial—which would lead one to believe that adultery had taken place are made. I would submit it is done in a very sloppy fashion. To all intents and purposes from an outline of the times, the address, the names of the individuals and the fact that in another case the respondent was a woman and in this case it is a man, we might just as well, in so far as Mr. Charron is concerned, be reading the evidence from another case because it is almost identical. He is sworn and testifies.

Mr. Woolliams: The evidence in divorce cases is always the same.

Mr. Howard: I heard some comment from the side. I did not hear what it was, Mr. Chairman. I do not know whether someone wanted to pose a question. At any rate, I will quote from Mr. Charron's evidence at page 15.

By Mr. Joyal:
Q. This is exhibit 2, filed by the petitioner. Can you identify that photograph?
A. That is Mr.—That photograph I had at the time of the investigation.
Q. Do you remember seeing this Mr.—?
A. I saw him several times at—
Q. Is that his home?
A. That is where he was staying. I used to see him come in for dinner every day.
Q. Did you see him on the 5th day of April, 1959?
A. Yes. On the 4th of April he came at seven o'clock. About eight o'clock a couple came out of there and they came in at a quarter after eleven, the couple that had gone out. Then, at 11.30 I called Mr. Lacombe to come and meet me right away—

Mr. Lacombe is another witness; he is listed as an investigator. Incidentally, he is only 22 years old. He must be an apprentice at this sort of thing, taking his instructions from a person with much more experience. I continue:

—and he came on the 5th of April at 12.35 in the morning.

It was after midnight. They went to the door upstairs. I continue:

We went to the door upstairs—it is a duplex. We knocked on the door several times before Mr.—came and opened the door. When he opened the door all he had on was a pair of grey pants with the upper part of his b.v.d.'s.

An hon. Member: Perhaps he had a tie on.

Mr. Howard: It would be much more amusing if one could hear these interjections. I do not know whether he had a tie on or not; it is not given in evidence. From what we know of divorce evidence it could well be that he had a shirt and a tie underneath the top of his pyjamas to make it look well. The people who arrange divorce evidence are not beyond that sort of thing. Let me return to the evidence given by Mr. Charron:

I asked, "Are you Mr.—?" He said yes. I showed him this photograph and he admitted that it was one taken of him.

This is 12.35 in the morning. The couple came in at a quarter after eleven, and 15 minutes later the gentleman is wearing the upper part of his b.v.d.'s. He is a complete stranger, but this investigator goes to the door, asks him his name, shows him a photograph and he says, "Yes, that is I". Is it reasonable to assume that one would expect this to take place? However, let me carry on with the evidence:

I went to the bedroom and asked the woman, who was in bed, her name.

Two strangers knock on the door at 12.35 in the morning; the gentleman wearing the upper part of his b.v.d.'s—with or without tie, it is not clear—and a pair of trousers, opens the door to two complete strangers and says, "Yes, this is my name." These two complete strangers walk into the house, duplex or apartment go into the bedroom and ask the woman there who was in bed, what her name was. No permission was asked. There was no difficulty; it was just like walking into Eaton's store to buy some clothing. They had complete freedom of the house. It was almost as if each of the parties involved in this, the two strangers, the investigators, the respondent and the corespondent knew precisely what was about to happen. It looks as if they were developing a stage presentation and had rehearsed this on a number of occasions. Let me return to the questions and answers:

And she said, "This is Mrs.—

She gave her surname, the name of the respondent. I continue:

Then I said, "What is your maiden name?" And she said—

She gave her maiden name. I continue:

The man asked what it was for—.

After these two strangers had knocked on the door at 12.35, after they had asked him his name and after they had shown the photograph he identified it as one of himself. After that they casually strolled into the living room or wherever it was, nonchalantly appeared in the bedroom, asked the woman in bed what her name was and then the respondent who was in his b.v.d.'s finally got the opportunity to ask what it was all about. Then he is told that divorce proceedings are involved and, to quote the evidence, "he started to get mad at us, so I told him to see a lawyer and we went out".

What Mr. Charron probably does is to mimeograph thousands of copies of his evidence. When he has to appear before a committee he just fills in the blanks on the mimeographed form with the names of the people involved and the times. As far as the evidence is concerned, it is almost identical, and it is stretching the imagination quite a bit to ask us to think that no arrangement existed between these people, that Mr. Charron did not know what he was going to find and that the couple in the apartment did not know that he was going to be there at a particular time.

We could assume that it might have happened if this were an isolated case and if the evidence in this case were unique but, as I say, it is not unique. It is stereotyped in form as if the investigator had memorized it and uses it each time he appears as a witness before the divorce committee. From that I think one must come to the conclusion that arrangements were made to obtain this evidence and that the evidence of Mr. Charron was given in such a way as only to satisfy the tests that might reasonably lead one to believe that adultery had taken place or might take place. That is the extent of the evidence here. The evidence with respect to adultery can be stretched, and if one looked at the evidence given here with both eyes closed and read it he could come to the conclusion—

Mr. McCleave: That is a logical remark from a logical corner of the house.

Mr. Howard: It is a good Irish type of remark that the hon. member for Halifax will appreciate very much because so far as the evidence in this case is concerned, and I emphasize this, you do not need to read it to know that it is falsified.

Mr. McCleave: Do you never believe anyone who speaks under oath in a court or do you believe just what you want to believe?

Mr. Howard: Perhaps the hon. member for Halifax would like to participate in the debate.

Mr. McCleave: I will.

Mr. Howard: If he wants to ask questions I suggest that he do so in the normal manner by rising in his place instead of sitting in his seat and yapping about C.C.F. hypocrisy, knowing full well that at the time he did it he was not going to be called to order for making such slanderous charges.

Mr. McCleave: I rise on a point of order. Surely it is not in order in this debate to refer to remarks made in previous debates. I realize that the hon. member is straying far and wide, but surely that is out of order.

[Mr. Howard.]

The Deputy Chairman: It is also a rule in this committee for one person to have the floor at a time. The hon. member for Skeena.

Mr. Howard: I am pleased that the hon. member for Halifax did get around to participating in the correct manner and I hope he will continue to do so as we deal with other cases. As I have said, I think the evidence with respect to adultery in respect to this particular case was arranged beforehand and was designed to meet the minimum tests established with respect to adultery. Because of the extensive questioning by members of the other place and also by Mr. Joyal, counsel for the petitioner, with respect to desertion, alcoholism, cruelty and extended promiscuity, I believe that is the basis upon which this divorce was granted by the Senate and that the adultery was only an incidental factor. I submit this was the decent and correct thing to do. I am told by people who have had far more experience than I have with regard to the granting of divorces by parliament that it is only by practice that the test of adultery has been established and that parliament can grant a divorce upon any ground or no ground at all. Whether or not that is correct I do not know. As I say, my information comes from a source that I consider to be quite reliable and I take their word for it.

Mr. Peters: One was granted the other day for desertion.

Mr. Howard: The hon. member for Timiskaming comments that the Senate granted a divorce the other day on the basis of desertion.

Mr. McCleave: Untrue.

Mr. Howard: I assume they have done the same thing in this case. I assume that the greatest amount of weight has been given to the questions of desertion and cruelty and that the reference to adultery is only there to leave the impression that the unofficial rules followed in these cases have been met. I certainly think that the divorce should be granted.

I could make some reference to the manner in which Mr. Joyal asked questions, which was more a case of insisting upon a certain type of answer than asking questions. It might be well to read some of them. As found on page 14, Mr. Joyal is examining the petitioner. There have been some questions by members of the Senate about other matters and Mr. Joyal comes to the question of arrangements between the petitioner and the respondent. He does not say, as one would normally expect, "Have you made any arrangements," He says:

Q. You made no arrangements with your husband whereby he could provide this evidence so that this action could be taken?

He practically puts the answer in the woman's mouth. She said, "Oh, no". Again, there is this direct statement:

Q. There has been no connivance? You have not got together and put through a little deal with Miss ... so that your husband would be caught with her?

A. I would not speak to her.

You will notice that she did not answer the question directly. However, we can assume from that that the answer is no because the lawyer said it was no. Again, we have this extensive question and a very short answer:

Q. I take it, because of these repeated separations and reconciliations, you feel that the marriage is on the rocks now, and you have not forgiven your husband in the sense of being prepared to resume cohabitation with him?

If anyone could answer "yes" to that type of question it would be a strange thing indeed. However, the answer was "Oh, no". Then there is this question:

Q. Whatever difficulties you have, do you think they will be increased should this divorce be granted to you?

The answer is obvious. You do not have to read it. The answer is "No". Then she goes further and says:

I could not have any increase in my difficulties.

As I said, Mr. Chairman, on the basis of cruelty, promiscuity on a number of occasions—

The Deputy Chairman: I must advise the hon. member that his time has expired.

Mr. McCleave: Mr. Chairman, we have had a particularly mischievous type of intervention in the debate on this particular case and I intend to deal with several points made by the hon. member who has just taken his seat. Ordinarily, I would content myself, but I am afraid I have reached a point where I cannot sit here in the House of Commons among certain other gentlemen and hear hon. members from one particular corner assassinate the characters of people who are not here and able to defend themselves. The first point,—

Mr. Howard: Let them get their divorces somewhere else.

Mr. McCleave: —and one that has gained some currency throughout this country because of remarks made on previous occasions and repeated this afternoon is that divorces are being granted on grounds other than adultery. This is just not so. If that impression got abroad it would lead people who went to provincial courts for justice into thinking that some special favours were being dispensed in parliament that were not given elsewhere. I think that is mischievous and I so brand it.

The hon. member has also made it appear, by reading carefully selected portions of the evidence, as if the alleged adultery between the respondent husband and his lady friend were staged. If the hon. member had wanted to fairly present all the evidence on that matter he would have found in the evidence of the wife, at the top of page 14, that actually the husband and this woman had been living together for quite a period of time. It is this sort of remark, this loose allegation, that I am afraid I can no longer take. If my hon. friend is going through this stack of cases one by one and making such remarks, then somebody is going to defend the people who cannot defend themselves here and I am afraid it is going to be a long, hard session.

Mr. Howard: I am afraid I cannot very well allow these comments to go by without straightening out the record and, at the same time, straightening out the hon. member for Halifax. If he had been listening carefully, as I assume he did, he would have heard what I said about the evidence I read and he would have had no occasion to make the rather unfair and unkind remarks he made a moment ago. If he was not listening when I made my initial remarks, then I forgive him and I shall attempt to repeat what I said with respect to this particular case.

The hon. member said that I carefully selected sections from the evidence, and carefully left out others, in order to leave the impression that this evidence was staged. He said that if I had read a certain piece of evidence it would have shown that this couple had been living together for some time. I have my notes here and I will read again what I read before. It is at the bottom of page 12. There is another place in the evidence in which these facts are more clearly stated, but Mr. Joyal is questioning the witness about the husband living with other people. I start reading in the middle of one question:

Was it with one person?

A. Just about everybody.

Q. With any one person, was it over a short period of time or a more extended period of time?

A. Once, for a year and a half, and the last time about a year and a half.

Q. What do you mean by a year and a half?

A. Well—

Q. Was he keeping company with another woman for a year and a half?

A. Yes.

Q. Do you know that to be a fact personally?

A. Yes. He took her out in public. I know that, indeed. I knew where she lived—the last one he lived with.

Q. Did they live together for a year and a half?

A. Oh, yes.

Q. He left you entirely and went to live with this woman?
A. Yes.
Q. And he came back again to you?
A. No, he did not come back after that.

It is true that later on, on page 14, this point is more clearly drawn to the attention of the committee. This is probably the quotation to which the hon. member for Halifax was referring. I read:

Q. Was this the same woman he lived with for a year and a half?
A. Yes, but he only lived with her after I had met her.

The evidence which I read initially did bring out the fact that there was a person with whom he lived for a year and a half. I believe that evidence of that nature itself, when it is not contested or denied, is just as valid evidence to show that adultery took place as the evidence is of going through all these formalities of people knocking on doors after 12.30, walking into the bedroom, asking for names, showing photographs, and so on; all for the purpose of meeting certain tests that have been established. I submit that this evidence given on page 13 to the effect that he was going with some woman for a year and a half, and that he lived with her, is a greater indication that adultery could have taken place than the circumstances related on page 15 by Mr. Charron in which he happens to walk casually into this place and find someone in his b.v.d.'s and a pair of grey pants in the bedroom. There is far more chance that adultery took place during the course of this friendship over a year and a half than there would be that it took place at the moment Mr. Charron entered this place.

The hon. member for Halifax made mention of the fact that these two people lived together for a year and a half. I think there is a greater likelihood that adultery might have taken place in that year and a half rather than in the few short minutes Mr. Charron was wandering around in that particular apartment. The hon. member for Halifax also made some comments to the effect that some of us, I presume in the C.C.F., were engaged in a game of character assassination with respect to people who were not here to defend themselves. I know the hon. member wants to be fair in this matter, and in all other matters, and I admit that in dealing with the earlier cases and reading from the evidence, if the name of the respondent was given I read the name of the respondent; if the name of the corespondent was given I read that name and I also read the address because those names and addresses appeared in the evidence. It was only when the hon. member for Halifax rose to ask me a question during a previous case and, instead of reading the name of the individual left it blank, that I realized I had been in error in the other cases when I made reference to the names of the individuals. I spoke to the hon. member for Halifax about this afterwards and thanked him for drawing this to my attention in an indirect way. Since that time, I have made no references to the names of the petitioners, the respondents, the corespondents or their addresses. The only names I have mentioned have been those of the lawyers and investigators.

Mr. Taylor: Would the hon. member permit a question. He has referred to a local lawyer in connection with this case. Is he suggesting the lawyer acted improperly in this particular case?

Mr. Howard: I do not know how the hon. member could come to that strange conclusion.

Mr. Taylor: The hon. member referred to the evidence during the early part of the discussion and made some remarks about the lawyer's questioning of the witness. There was a suggestion that they had come to some agreement prior to giving testimony.

Mr. Howard: My friend who is asking this question is a lawyer. I imagine that when he represents someone he goes over the evidence with him, goes over the story, and attempts to get it straight in his mind; that is one thing. The second thing is that it is my understanding a lawyer is in a profession, and one of his functions is to represent people. He is certainly not involved. He is not a respondent or a corespondent. If, for argument's sake, Joyal was mentioned as respondent or corespondent or petioner in any one of these cases, I would not mention his name as that. But I do not see that there is much wrong in making reference to the name of the particular lawyer who is involved in the case because this is his function as a public servant, as I understand it, or as a servant of his client and the same thing applies as well in the case of the private investigators. They have a particular duty to perform. The position is just the same as when reference is made to the name of Senator Taylor who is chairman of the committee. This implies nothing whatsoever with regard to Senator Taylor. He is a member of the Senate. He is chairman of the committee and he asks certain questions. I do not see that there is anything wrong in that procedure.

Mr. Taylor: I conclude that the hon. member is not suggesting that there was any improper conduct on the part of the lawyer.

Mr. Howard: I do not know whether there was or not.

An hon. Member: Answer the question.

Mr. Howard: I made no such suggestion. I do not know how my friend the hon. member for Vancouver-Burrard could have come to that conclusion.

Mr. McCleave: It is very hard to follow the hon. member.

Mr. Howard: I did say—and I will say it again—that Mr. Joyal is quite adept at asking questions in such a way that he gets a particular answer. I assume that this is one of the things a lawyer is trained to do. I am not a lawyer, and I do not know what the situation is but I assume that one of the functions of a lawyer, if he is retained by a client, is to protect and to advance the interest of that client in court or in some other place if that is where he is acting on the client's behalf.

If by his line of questioning he desires to get certain information out, then this is his function, is it not? I suggest that he is quite good at that sort of thing. Perhaps he should have a "Q.C." after his name—as have so many other lawyers in Ontario—for his skill and ability in making sure that the interests of his client,—in this case the petitioner, are presented to the fullest extent, that her case is advanced and that the evidence given is in her favour. If evidence is given which is not in her favour, he will on cross-examination, if it is a contested case, do his best so to confound other persons giving evidence that it will be to the advantage of his particular client. I do not see anything wrong in that procedure. Maybe I have a misunderstanding of one of the functions of members of the legal profession. However, I would assume that this is one of them, namely that of advancing the interests of their clients.

I say only that Mr. Joyal is very skilful and adept at this procedure and when he wants the answer no, he phrases the question in such a way that he gets the answer no. Whether he sat down with the petitioner in this case beforehand, went over the evidence and discussed the questions which might be asked of her by him or by the senators, I do not know. Quite frankly, I may say that I do not know whether or not this is a common practice followed by lawyers with clients. Perhaps my friend the hon. member for Vancouver-Burrard could take the opportunity of advising us on the matter out of his wealth of legal knowledge and ability, and the cases with which he has dealt.

The Deputy Chairman: Order. I think we have strayed away long enough on the conduct of lawyers in general and that we had better come back to Bill No. SD-34.

Mr. Churchill: I wonder whether at this stage I might interrupt the hon. member? I suggested to the leaders of the parties opposite that we might have the committee rise and report progress at this time so that I could make an important announcement of interest to all members of the house prior to six o'clock. If that course is agreeable, could we now rise and report progress?

Mr. Pickersgill: That procedure is agreeable as far as we are concerned.

Progress reported.

THE CANADIAN ECONOMY

NATIONAL ENERGY BOARD—TABLING OF REPORT ON APPLICATIONS FOR GAS EXPORTS

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I should like the permission of the house to revert to motions.

Mr. Speaker: Has the minister leave to revert to motions?

Some hon. Members: Agreed.

Mr. Churchill: I have an important announcement relating to the applications for the export of gas and for the construction of gas pipe lines which have been considered by the national energy board.

Recognizing the economic importance of energy to the future growth and development of our country and realizing that a national energy policy is fundamental to our national development program, one of the first decisions of this government was to establish a national energy board.

The board has been set up to assure the people of Canada that the best possible use is made of the energy resources of this country. It is charged, among other things, with the responsibility, subject to the jurisdiction of parliament, of regulating the construction and operation of oil and gas pipe lines, the tolls charged for transmission by such pipe lines, and the export and import of gas in such a manner that the public interest is protected. The board is also charged with the responsibility of safeguarding Canada's interest in regard to the methods of financing and the participation of Canadians in the pipe lines that transmit energy under the jurisdiction of parliament.

I now wish to table two copies of the important report of the national energy board on application for licences to export natural

gas and build certain pipe lines for the purpose, and to announce the decisions of the government in regard to the approvals required under the law.

After a detailed review of the applications and the circumstances affecting each of them, based upon the lengthy public hearings it held, the board states that it is prepared to issue, subject to approval of the government as required by law, and upon certain defined conditions, the following export licences:

(a) a licence to Trans-Canada Pipe Lines Limited to export a maximum of 204 million cubic feet of gas per day near Emerson, Manitoba;

(b) a further licence to Trans-Canada Pipe Lines Limited to export a maximum of 204 million cubic feet of gas per day, on an interruptible basis, near Niagara Falls, Ontario;

(c) a licence to Alberta and Southern Gas Company Limited to export a maximum of 458,750,000 cubic feet of gas per day near Kingsgate, British Columbia;

(d) a licence to Canadian-Montana Pipe Line Company to export a maximum of 36 million cubic feet of gas per day at a point on the boundary near Cardston, Alberta; and

(e) a licence to Westcoast Transmission Company Limited to export a maximum of 152 million cubic feet of gas per day near Kingsgate, British Columbia.

The board has also stated that is it prepared to issue, subject to approval of the government and upon certain defined conditions, certificates of public convenience and necessity authorizing the construction of pipe lines as follows:

(a) To Trans-Canada Pipe Lines Limited for the construction of a 30-inch pipe line from Ile des Chenes in Manitoba to the international boundary near Emerson, Manitoba, a distance of approximately 51 miles;

(b) To Alberta Natural Gas Company for the construction of a 36-inch pipe line from a point in southwestern Alberta to the international boundary near Kingsgate, British Columbia, a total distance of approximately 108 miles;

(c) To Canadian-Montana Pipe Line Company for the construction of a 16-inch pipe line, approximately three miles in length, in southern Alberta near the international boundary near Cardston, Alberta.

The board estimates that the annual revenue of the exports of gas covered by these licences would amount in all by 1963 to about $75 million. In addition, the development of the fields and the construction of the pipe lines, gathering lines and processing facilities would involve investments over the next few years amounting to several hundred millions of dollars.

The board considered, but did not approve, an application from Niagara Gas Transmission Limited for a licence to export gas near Cornwall, Ontario, and authority to build a short pipe line for the purpose. The board was not satisfied that the price to be charged by the applicant for the gas proposed to be exported was just and reasonable in relation to the public interest.

In its report upon these applications for licences the board states its finding that, having regard to established reserves and to the trends in the discovery of gas, there is now sufficient gas to meet the reasonably foreseeable requirements for use in Canada and to permit exports on the scale proposed. The board also found that the terms on which the exports will be made under the licences proposed are fair and reasonable.

The government has fully considered this major report of the board and has concluded that the findings and decisions of the board assure the protection of the public interest of Canada and Canadians.

The government has given special attention to the export licence proposed for the Westcoast Transmission company, having in mind the observations made in the first report of the royal commission on energy in 1958, on the existing Westcoast contract for exports at Sumas.

The government has considered the views of the board concerning the increased utilization of the present pipe line operated by Westcoast and the desirability of developing more reserves of gas in northern British Columbia.

When applications are made for the issue of future licences for the export of gas to Pacific coast areas of the United States, a primary consideration the government will have in mind is whether the action proposed will have the effect of increasing the use of the existing Westcoast pipe line and further promoting the development and use of exportable gas reserves in British Columbia. In carrying out such a policy it is expected that as the demand for gas increases in the Pacific areas of the United States, the prices to be obtained from export sales of British Columbia gas will in due course increase substantially, thereby effectively offsetting the unduly low price in the existing export contract entered into in December 1954.

Accordingly the government has decided that it will authorize the issue of such licences and certificates as have been approved by the board and on the terms set

forth in its report. Formal action by the board and the governor in council will be taken as soon as the necessary legal details have been worked out.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I am sure the house and the country at large will welcome this announcement. There has been a long delay in dealing with these matters because of the time which elapsed before the energy board was set up and the policy in that regard announced. That factor, together with the delay after the energy board was authorized in appointing the board itself, and also the time consumed by the necessary hearings, does make up quite a lapse of time, and I am very sure that now the announcement has been made it will be most welcome to the country at large.

The rather interesting thing here is that the government fortunately has announced the granting of the necessary licences to the company which in earlier days it so vehemently opposed and attacked in this house, and I think it has very effectively vindicated the stand taken by the former government in this regard. I think this is a very good thing for the country at large, as well as for the industry.

The payments which will arise out of this export are also welcome at this time because of the effect they will have on our balance of payments with the United States. That is a very good and important feature, and the licences will provide as well a lift to the internal economy of Canada arising directly out of the necessary development work.

I take it from the minister's announcement that the government has in fact, either wholly or very substantially accepted the findings of the national energy board. It is a happy circumstance to see that that has happened because there was an interesting point which arose so far as the export licences themselves were concerned in that the energy board act gives to the national energy board under section 82 a right to issue the licences. In section 85 it gives the governor in council certain very limited rights to make regulations. Under those limited rights to make regulations the governor in council has seen fit to claim the right to approve the granting of export licences by the board. I doubt very much if the governor in council has that right to take something that parliament did not give it. But in this particular case, as I understand the announcement, the question does not arise because the government is in fact approving the granting of the licences by the board as the board has recommended. If I am right on that point, the question does not arise and I think that is a fortunate circumstance. The point can perhaps be more appropriately and aptly developed on some other occasion.

I think the minister is quite correct in speaking about the lift, if I may use that term, that these licences will give to the economy of Canada at this time when it is needed. It will be a very good thing for the country and the announcement is timely for the reason that the economy, in my view at least, needs this added lift at this time. The minister also gave some indication as to the commodity value of the export in 1963, and that is particularly welcome because it will go a considerable way to help to replace the loss of the uranium export in that year.

It is very difficult to appreciate fully every implication of the remarks contained in the minister's statement, and perhaps there are other parts of his statement on which it would be better to reserve comment. But I think it is appropriate that I should indicate that, as far as we are concerned, we welcome the making of this announcement today.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, speaking for this group in general terms in view of the lack of time to consider the announcement carefully and fully I must say I am sure all hon. members are pleased the minister made the announcement because of the importance of this matter to the Canadian economy.

Without doubt this decision is the result of study of the first major problem that is being given consideration by the energy board. I think it is quite proper to say that all hon. members have confidence in the personnel of the board.

It is obvious from the statement as I heard it that in this instance the government takes final responsibility for the decision. I listened as carefully as possible to mention of the export gas from certain points in Canada with many of which I am not familiar although I am acquainted with Crowsnest and Kingsgate. In view of the representations made by citizens, municipalities and various organizations in places from which gas is to be exported I take it that the interests of potential Canadian consumers with respect to service and price are well protected by this decision and that there is protection with respect to reserves.

We are all human and I suppose it is fair to say that only time and experience will

prove the wisdom of this decision. In the meantime, on behalf of this group I want to say we trust the announcement will mean the decision will result in a major contribution to the economy and consequently to the benefit of the Canadian people.

Mr. Churchill: Mr. Speaker, may I make this further announcement. Copies of the report were delivered to the post office at six o'clock and are now available for hon. members. Additional copies are available on order from the queen's printer at a cost of $2 per copy. The queen's printer store will be open on Saturday and is located on MacKenzie avenue across from the Chateau Laurier.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, before you see the clock, perhaps just for the record the house leader would tell us what the government proposes that the house should do between now and the Easter adjournment?

Mr. Churchill: Unless some unforeseen emergency arises, Mr. Speaker, it is our intention to carry on for the next eight days with the debate on the budget which, I presume, will be rather spirited.

It being five minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CIVIL SERVICE COMPETITIONS 1955-59

Question No. 277—**Mr. Boivin:**

How many competitions for positions were held by the civil service commission in each of the years 1955, 1956, 1957, 1958 and 1959?

Answer by: **Hon. Leon Balcer (Acting Secretary of State):**

Year	Number of Competitions
1955	10,814
1956	9,767
1957	9,726
1958	9,301
1959	10,902

CANNED PORK—CHARITABLE DONATIONS

Question No. 319—**Mr. Martin (Essex East):**

1. Under what conditions are surplus stocks of canned pork made available (a) to international organizations; (b) to governmental and charitable organizations in Canada?

2. Who bears the cost of shipping?

3. Has an application been received from the Goodfellows club of Windsor, a charitable organization, for an allotment of canned pork for distribution to needy families?

4. If so, has the request been granted?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

1. (a) Ex-warehouse, in carload lots, to approved international welfare organizations for distribution abroad, having regard to the commercial availability of canned pork in the areas approved for its distribution.

(b) Ex-warehouse, in carload lots, to charitable institutions eligible for sales tax rebates, national welfare organizations, and to provincial governments for distribution to local welfare organizations.

2. Recipient.

3. Yes.

4. No, this organization was advised that they should apply to the provincial authorities to whom canned pork luncheon meat has been made available for distribution to local welfare organizations.

HOUSE OF COMMONS

Monday, April 4, 1960

The house met at 2.30 p.m.

PATENT ACT

TABLING OF REPORT OF ROYAL COMMISSION

Hon. Leon Balcer (Acting Secretary of State): Mr. Speaker, I am tabling herewith in English and in French the report on patents of invention of the royal commission on patents, copyright and industrial designs.

The royal commission was appointed pursuant to order in council P.C. 1954-852 of June 10, 1954, to inquire into and make recommendations upon the legislation of Canada relating to patents of invention, copyright, trade marks and industrial designs. The commission's report on copyright was tabled in the house in June, 1958, and its report on industrial designs in August, 1958.

Since the present Trade Marks Act, which resulted from approximately five years' study and discussion by a committee of experts in the light of representations from interested organizations and individuals, is relatively new; since the statute appears to have been well received in Canada and abroad; since the commission, in its report on industrial designs, recommended one amendment to the Trade Marks Act on the basis of its recommendations with respect to industrial designs; and since, finally, the commissions's membership and staff have become depleted and it would be impossible for it to undertake an inquiry into trade marks, it was decided that the commission's terms of reference be amended by the deletion of the reference to trade marks. By order in council P.C. 1959-1340, dated October 16, 1959, the commission's terms of reference were so amended. There will, therefore, be no report on trade marks, and with this report on patents of invention the commission has now completed its assignment. This report on patents is being made available to the press and for sale to the public today.

Since this report contains matters of a highly technical nature, the government does not intend to introduce the necessary legislation to bring a new act into force at the present session. We intend to give to all those who are interested time to study this report and submit their suggestions before introducing appropriate legislation at the next session of this parliament.

MOTIONS FOR PAPERS

D.B.S. QUESTIONNAIRES ON LABOUR FORCE SAMPLING

Question No. 82—**Mr. Pickersgill (for Mr. Hellyer):**

For a copy of each regular or special questionnaire used by the bureau of statistics during the months of January and February 1960, in respect to its sampling of the Canadian labour force, including its without jobs component.

Motion agreed to.

WHARF RECONSTRUCTION, MALARTIC RIVER, QUE.

Motion No. 83—**Mr. Dumas:**

For a copy of all payrolls showing the names of those employed, the period of employment and the amount paid to each person, in connection with the reconstruction, during 1959, of a wharf located on the west bank of the Malartic river, range 4, in the township of Malartic, Quebec.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, the Royal Canadian Mounted Police are conducting an investigation at the present time, and I would appreciate it very much if the motion could stand until their report is received.

Mr. Speaker: As the hon. member is agreeable, the motion stands.

Motion stands.

SOUTH STUKELY, QUE., UNDERPASS

Motion No. 84—**Mr. Leduc (for Mr. Boivin):**

For a copy of all correspondence exchanged between the board of transport commissioners for Canada and the government of the province of Quebec, from 1948 to date, regarding the underpass at South Stukely, Quebec.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, there is no objection to passing this motion with the usual reservation regarding the requirement to obtain the permission of the province.

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

Motion agreed to.

LAND ASSEMBLY PROJECT, ST. JOHN'S, NFLD.

Motion No. 85—**Mr. Carter:**

For a copy of any agreement or arrangement entered into since July 1, 1959, between the Minister of Public Works or Central Mortgage and Housing Corporation on the one hand, and the Royal Bank of Canada on the other, to guarantee payment of

the provincial or municipal share of a proposed land assembly and slum clearance project on the eastern outskirts of St. John's, Newfoundland.

Motion agreed to.

LAND ASSEMBLY PROJECT, ST. JOHN'S, NFLD.

Motion No. 86—**Mr. Carter:**

For a copy of all correspondence since July 1, 1959, between the mayor or any other official of the city of St. John's, Newfoundland, and the Minister of Public Works or any official of his department or of Central Mortgage and Housing Corporation regarding a proposed land assembly and slum clearance project on the eastern outskirts of the city of St. John's, Newfoundland together with a copy of any agreement or agreements or arrangement or arrangements with the city respecting such project.

Motion agreed to.

FREIGHT RATES

INQUIRY AS TO FURTHER DELAY IN APPLICATION OF INCREASE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Prime Minister, apropos of the decision of the government made last year not to allow a general freight rate increase for a period of one year pending an inquiry into the railway rate structure and other matters affecting railway transportation. Has the government decided to continue this policy for a further period?

Right Hon. J. G. Diefenbaker (Prime Minister): As the hon. gentleman will recognize, this question deals with a matter of government policy which will be announced in due course. I should further point out that the order of the board of railway commissioners in connection with this matter does not lapse until July 31.

Mr. Chevrier: May I ask a supplementary question and state that my recollection is that the policy announced by the Prime Minister was for a period of one year. My purpose in asking the question was that the year expires on April 10, which is Sunday next, and I wondered whether the Prime Minister would not give consideration to making a statement prior to that time.

Mr. Diefenbaker: I know the interest of the hon. gentleman in this matter, and I will certainly give consideration to his suggestion, but I will not undertake to say anything prior to that date.

RULING OF TRANSPORT COMMISSION RESPECTING EQUALIZATION ORDERS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport and ask whether he has seen a report of a ruling on Saturday by the board of transport commissioners to the effect that it will issue no further equalization orders while the federal government is paying the subsidy to reduce the impact of the 17 per cent general freight rate increase authorized in 1958? I just sent the minister notice of this question prior to my coming into the house. I do not expect he will be able to give an answer today, but perhaps he will take it as notice.

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker, I have seen the report.

Mr. Chevrier: Will the minister comment on the report made by the board in connection with this ruling?

Mr. Hees: No, Mr. Speaker.

Mr. Chevrier: Then may I ask the minister whether it is his intention, or that of his government, to renew the application of the Freight Rates Reduction Act, referred to in the ruling?

Mr. Hees: The Prime Minister has already answered that question very adequately.

Mr. Chevrier: No, Mr. Speaker, the Prime Minister has not dealt with that question at all.

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

Mr. Chevrier: I am rising on a point of order to say that the question I put to the Minister of Transport and the question I addressed to the Prime Minister are two entirely different questions. One deals with the royal commission on freight rates and the other deals with the Freight Rates Reduction Act passed in 1959. These are different matters entirely.

Mr. Speaker: That is a matter of argument rather than a point of order. The hon. member has had his reply from the minister.

Mr. Chevrier: Then in view of his reply I should like to address a supplementary question to the Prime Minister, to ask him whether it is the intention of the government to renew the application of the Freight Rates Reduction Act in the year 1960?

Right Hon. J. G. Diefenbaker (Prime Minister): May I give the answer which I gave to the hon. gentleman earlier, which is that this being a matter of government policy, an announcement will be made in due course.

TRANSPORTATION

ROYAL COMMISSION—INQUIRY AS TO TARGET DATE FOR REPORT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Since the board of transport commissioners has postponed the equalization of freight rates until the royal commission report is made, can the Prime Minister give the house some idea as to when the royal commission report may be completed, what the target date is at the present time?

Right Hon. J. G. Diefenbaker (Prime Minister): On one previous occasion I did set a target date, and because it turned out to be an incorrect prognostication I heard about it on a number of occasions. I do not intend to make that mistake again.

Mr. Argue: I am pleased that the Prime Minister is learning, but is it not correct that the objective was to have this matter looked into and a report completed this year?

Mr. Speaker: Order. The hon. member has had his answer. It seems to me the supplementary is merely for the purpose of explaining something that was said. The hon. member for Moose Jaw-Lake Centre.

Mr. Argue: But my question is this. Is it not correct—

Mr. Speaker: Order. I have recognized the hon. member for Moose Jaw-Lake Centre.

Mr. Argue: On a point of order, Mr. Speaker—

Mr. Speaker: Order. The hon. member for Assiniboia may raise his point of order, but I have just now recognized the hon. member for Moose Jaw-Lake Centre and he has not had a chance to say a word.

[*Later:*]

Mr. Argue: I had risen on a point of order, Mr. Speaker. My understanding of the rules of the house is that a point of order should be taken up immediately it is raised. I was claiming the floor because I wished to raise a point of order. My point of order is that I do not feel that my second supplementary question went beyond the rules of the house, and that while the Prime Minister is not required to, in fact he did not, answer the question I had asked.

On this point of order I was about to say that my understanding was that there was a time limit with regard to the report of the royal commission on freight rates. I was merely going to ask the Prime Minister, as a further supplementary question, whether there was not a time limit or a target limit, shall we say, for the royal commission on freight rates, in that its inquiry was hoped and expected to be made before the subsidy went out of existence?

Mr. Speaker: Dealing with the point of order, I had just recognized the hon. member for Moose Jaw-Lake Centre, although he had not yet had a chance to say anything. In those circumstances I think any hon. member who wishes to rise on a point of order should at least wait until the hon. member who has been recognized has taken the floor.

The point of order the hon. member raises with regard to the supplementary question, which he has now repeated, seems to me to leave the question as one asking for information which is readily available to anyone. The Prime Minister had twice answered to the effect that he did not wish to venture an opinion as to when the report would be given. The second question, the supplementary, it seemed to me was not really a supplementary question but was asking for information which could be ascertained by anyone who looked up the facts.

Mr. Argue: Mr. Speaker, the Prime Minister's answer, as I recall it, was not on this point at all but was on the subject of another royal commission, which had absolutely nothing to do with my question.

Mr. Speaker: If the hon. member objects to my decision with regard to his question asking for information which is open to anyone, I would be glad to hear him further; but it seems to me that is the type of question it is.

AGRICULTURE

EGGS—INQUIRY AS TO DEFICIENCY PAYMENTS

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): I wish to direct a question to the Minister of Agriculture. Now that the first quarter of the year has been completed in the government's program for support prices for eggs, can the minister inform the house whether deficiency payments are necessary to bring the national average of producer prices up to the level of the support price? If so, when will these deficiency payments be made?

Hon. D. S. Harkness (Minister of Agriculture): On January 11 I announced that the agricultural stabilization board would make an interim payment to producers for eggs marketed during the period January 1 to March 31. I also pointed out that at that time egg marketings were at a relatively high level, and that this interim payment was being made to provide assistance to producers during the period of adjustment.

Inquiries of the Ministry

The national weighted average price for grade A large eggs during the period January 1 to March 31 was 25.4 cents per dozen, or 7.6 cents below the prescribed national weighted average support price of 33 cents per dozen.

In establishing the exact amount of the deficiency payment, the agricultural stabilization board took into account the fact that the national weighted average price of grade A large eggs during the last quarter of 1959 was slightly below the prescribed price, and will accordingly pay an interim deficiency payment of 8 cents per dozen. This payment will be made for all grade A large and extra large eggs up to a total of 1,000 dozen, marketed in the period January 1 to March 31, 1960, by producers registered with the agricultural stabilization board. Cheques will be mailed to producers as soon as marketing records for this quarter are completed, which is expected to be within the next few days.

During the period January 1 to March 26, 1960, egg marketings were 7 per cent below marketings for the same period in 1959, and for the week ending March 26 marketings were 12 per cent below the same week a year ago.

The reduction in egg marketings is now reflected in improving price levels. Egg marketings are now in a more realistic balance with domestic requirements, and except for seasonal variations prices may be expected to remain at or above the support level. During the week of March 26 the national weighted average price for all grades of eggs in Canada was 34.9 cents per dozen, or 1.9 cents above the support price, as compared to the national weighted average price for the same week a year ago of 31.9 cents when the board was purchasing eggs to support the price.

The deficiency payments of 8 cents per dozen on grade A large eggs, which will be paid to all producers regardless of location, is 0.4 cents per dozen higher than producers in Alberta and Saskatchewan would have received under a regional average basis, and 0.4 cents less than the producers in Manitoba would have received.

Hon. Paul Martin (Essex East): I rise on a point of order, Mr. Speaker. I did not want to interrupt the hon. gentleman because he was making a statement of considerable importance. However, I suggest to you that the minister was not in order in giving this reply; that it should have been made on motions, when a spokesman for the opposition would have had the first opportunity of commenting on this important statement of government policy. Instead, the minister has circumvented the rights of the house by the device of giving a member of the government party an opportunity of asking a question and thereby seemingly getting credit for something which obviously neither he nor the government deserve.

Mr. Harkness: On this so-called point of order raised by the hon. member, Mr. Speaker, I should like to point out that hon. members opposite are constantly asking me and other members of the government to make statements of this sort in reply to their questions.

Mr. Speaker: The answer the minister gave was in length beyond that which it is customary to expect or to receive at this stage of oral questions before the orders of the day are called, and could certainly have been made appropriately as a statement, by reason of its length and its being in the nature of an announcement. Where one draws the line between one answer and another is up to the good sense of the house. I recognize the objection taken by the hon. member.

NOVA SCOTIA—TABLING OF CORRESPONDENCE ON DEFICIENCY PAYMENTS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, has the Minister of Agriculture yet been able to obtain the consent of the province of Nova Scotia with regard to the tabling in this house, as requested, of correspondence between the premier of that province and the government of Canada in the matter of deficiency payments?

Hon. D. S. Harkness (Minister of Agriculture): Yes, Mr. Speaker, I believe the material was tabled either Friday afternoon or today.

Mr. Martin (Essex East): I thank the minister.

EXTERNAL AFFAIRS

NATO—REPORTED EXCLUSION OF CANADA FROM CERTAIN CONSULTATIONS

On the orders of the day:

Hon. Paul Martin (Essex East): I would like to ask the Secretary of State for External Affairs a question based on a Canadian Press report in today's Montreal *Gazette* in which the following appears:

> Mr. Green was critical of the bigger powers of NATO for excluding middle power Canada and smaller nations from certain consultations.

This was part of a speech made by the minister in Hamilton on Saturday night. Will the minister tell the house what were these certain consultations from which Canada was excluded by certain of the great powers in NATO?

Hon. Howard C. Green (Secretary of State for External Affairs): I do not think that is a proper question on orders of the day, Mr. Speaker. However, there is a very good illustration in this very report which the hon. member for Essex East has; if he reads the next paragraph or two, he will find an answer to his question.

Mr. Martin (Essex East): Mr. Speaker, of course I will not comment on the minister's reply. This is an important question, and I am sorry the minister feels he cannot give the details to parliament which he obviously gave outside this house. May I ask—

Mr. Speaker: Order. The hon. member for Essex East is doing nothing more than commenting upon the answer. If he rises it should be on a supplementary or a new question.

Mr. Martin (Essex East): Thank you, Mr. Speaker. I would like to ask the Secretary of State for External Affairs whether the kind of consultation he had in mind was the failure of the government of the United States to consult Canada with regard to the substantial modification it made and is making in the production of Bomarc missiles.

Mr. Green: Mr. Speaker, the hon. member for Essex East could not have heard the same speech I heard, because I got the impression that there was adequate consultation.

Mr. Pickersgill: Could I ask a supplementary question. In the extract just read by the hon. gentleman, was the minister referring to supermen?

IMMIGRATION

IRENE REBRIN—RESOLUTION FROM UNIVERSITY OF BRITISH COLUMBIA FACULTY ASSOCIATION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Prime Minister. My question is based on a letter addressed to the Prime Minister by Mr. Douglas T. Kenny, secretary of the University of British Columbia faculty association, in which he informed the Prime Minister of the contribution being made to the educational work of the university by Miss Irene Rebrin and the need for keeping such persons in Canada.

My question is, in view of the resolution adopted by the University of British Columbia faculty association on Thursday, March 31, and in view of their representation to you, Mr. Prime Minister, earnestly requesting that a faculty member, Miss Irene Rebrin, be permitted to remain in Canada, would the Prime Minister inform the house whether, in the light of this representation from the University of British Columbia faculty association, the government is giving further consideration to this case.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have received the representations made by the faculty group of the University of British Columbia and intend to discuss the matter with the appropriate ministers, including the Minister of Citizenship and Immigration, at the earliest opportunity.

PUBLIC SERVICE

OTTAWA—REPORTED RESTRICTION IN ADVERTISEMENT FOR ELECTRICAL MAINTENANCE MAN

On the orders of the day:

Mr. Alexis Caron (Hull): I wish to address a question to the Minister of Transport. The civil service commission has requested applications for the post of electrical maintenance man at the air service branch, Department of Transport, Ottawa. However, the announcement is written this way: "Open to qualified residents of the Toronto air service region". This region consists of the province of Ontario as far west as the 88th meridian.

Can the minister tell us how it is that residents in Hull and the whole of the Quebec region are not permitted to compete in this competition?

Hon. George H. Hees (Minister of Transport): Details of these competitions are matters which I do not carry around in my head. I shall be glad to consult my officials and give the hon. member an answer later.

HOUSE OF COMMONS—EXTENSION OF SALARY INCREASES TO MEMBERS' SECRETARIES

On the orders of the day:

Mr. M. W. Martin (Timmins): I should like to address a question to the Minister of Finance, and ask him whether the salary increases for government employees to which he referred in his budget address on Thursday will be extended to that overworked group, the secretaries of members of parliament?

Hon. Donald M. Fleming (Minister of Finance): The increase recommended will be extended to the secretaries attached to the House of Commons, but of course it will require action on the part of the house to make them applicable.

May I add, Mr. Speaker, that I do not think the hon. gentleman ought to overwork his secretary.

Inquiries of the Ministry

BRIDGES

JACQUES CARTIER BRIDGE, MONTREAL—REPORTED ARRESTS BY R.C.M.P.

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I wish to address a question to the Minister of Justice. Have arrests been made today by the R.C.M.P. consequent on the investigation into the Jacques Cartier bridge situation. If so, can the minister give us some indication of the scope and nature of the charges?

Mr. Speaker: I do not know whether the Minister of Justice considers that to be a matter under his jurisdiction. If he does, he will answer; but it seems to me that this is a question of the enforcement of criminal law, which is the responsibility of the attorneys general of the provinces.

Hon. E. D. Fulton (Minister of Justice): Perhaps because of the interest in this matter, and the fact that there is an inquiry before one of the committees of this house, Your Honour would permit me to answer in so far as it is proper for me to do so. I am not able to say at the moment whether any arrests have actually been made. I have only a report that the inquiry is proceeding satisfactorily. Only if and when arrests are made would it be proper for me to comment, or to report to the house as to exactly what has happened. At the moment, in the absence of specific information I do not think I should answer any further.

SHIPPING

QUEBEC—STATEMENT ON SETTLEMENT OF RIVER PILOTS' GRIEVANCES

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask the Minister of Transport whether he has had an opportunity to consider the question I asked on Friday, which reads:

> Has the minister received a telegram from the Quebec river pilots setting out their grievances and requesting a settlement thereof prior to the opening of navigation. Can the minister tell the house whether those grievances have been studied by the department and what decision has been reached?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker, I was just on the point of rising to give an answer to the hon. member's question.

The points at issue relate to the special pilot system, the relocation of the pilotage station, and a number of lesser issues. These have been under study by my department during the winter and have been discussed with the pilots on more than one occasion.

[Mr. Fleming (Eglinton).]

Communications setting forth our views were sent forward a few days ago, and I am in fact receiving a delegation of the Quebec pilots this afternoon to discuss the matter further.

CANCER

REQUEST FOR INCREASE IN FEDERAL ASSISTANCE TO RESEARCH

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Would the minister care to comment on the report that the United States department of health, education and welfare has awarded a research grant of close to $300,000 to a group in Toronto working under the auspices of the Ontario cancer treatment and research foundation? In view of this recognition, is the federal government giving consideration to an increase in our own assistance to cancer research in Canada?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I should like to thank the hon. member for having intimated that he was going to ask this question. I have seen reports of this grant, and I feel it indicates the high standard of cancer research in Canada. The foundation in question is the official agent of the province of Ontario in this field, and as such is free to encourage and receive support from any source.

Under the cancer control grant, any province may submit research projects for consideration of federal assistance, and I am always pleased to receive these. Last year my department made available to the province of Ontario, on behalf of the foundation's program, a total of almost $1,225,000.

TRADE

RUSSIA—REPORTED VISIT OF CANADIAN OFFICIAL RESPECTING IMPORTATION OF AUTOMOBILES

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Is it a fact that an official of the government of Canada has been sent to the Soviet union for the purpose of examining certain aspects of the importation of Russian automobiles into Canada?

Hon. Gordon Churchill (Minister of Trade and Commerce): No sir, that is not the subject of the inquiry whatsoever.

Mr. Martin (Essex East): May I ask a supplementary question. Do I understand the minister to say that no official from the public service has gone for that purpose?

Mr. Churchill: I said that was not the subject of the inquiry, Mr. Speaker.

Mr. Martin (Essex East): Will the minister explain? What is the subject of the inquiry that has prompted the sending of an official of the government of Canada to the Soviet union to examine some aspects of Russian-made automobiles and their importation into Canada?

Mr. Churchill: Two answers to that question should be sufficient, Mr. Speaker.

LABOUR CONDITIONS

BANCROFT, ONT.—REPORTED DIFFICULTY OF MINERS IN OBTAINING EMPLOYMENT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Labour, notice of which I have sent to him. In view of the report that unemployed uranium miners at Bancroft are having an extremely difficult time obtaining employment because employers believe they are a health risk and could become a burden on pension benefits, would the minister care to comment on this report and would he use his good offices to the end that these unemployed miners will be given every opportunity to obtain employment.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the hon. member gave me notice of this question. I immediately got in touch with the officials of the national employment service, who informed me they had not encountered this problem in securing alternative employment for miners of Bancroft or Elliott Lake. I have also asked them to look further into this matter, thoroughly, and they have promised to do that and will see that no discrimination takes place.

Mr. Argue: I thank the minister for his reply. I wonder whether he will report to me privately or to the house at a later date as to whether there is any foundation for the report.

Mr. Starr: If there is any foundation for this report I shall be glad to report to the hon. member.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, March 31, consideration of the motion of Mr. Fleming (Eglinton) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I would be the first one to admit that the Minister of Finance is not easy to follow in debate. I was interested to read of a delegation that visited the Prime Minister during the middle of last month, inviting him to a summit meeting of the chiefs of the Six Nations Indian reserves, an invitation which was, by the way, declined. None the less the delegation afterwards reported:

> We have had a lot of promises in the past that have never been kept.

But the spokesman said, after an hour with the Prime Minister:

> He is a great talker. He can almost make you forget what you came here for.

I think that was about the position of those in the gallery the other night because, next to the Prime Minister, I would certainly give full marks to the Minister of Finance for being this house's greatest illusionist.

We have some sympathy for the Minister of Finance. Admittedly he has had difficult circumstances to contend with, but we would have more sympathy were it not for our feeling that many of the difficult circumstances have been of his own making. I said the other night—and I think a number of other commentators are confirming the view—that the presentation was really a do nothing budget. Someone amended that by saying, "Well, if it was not a do-nothing budget it was then perhaps doing just the same as was done last year." I submit, Mr. Speaker, that that is not good enough.

One has to do quite a bit of searching through ore to try to find a bit of sparkle in this budget. I have been prepared to do that, and I have, of course, every desire to approve of some of the good new items, however slender, that appear there. I think most hon. members will approve of the minister's announcement that the double impact of income and estate taxes on pension and annuity rights inherited by widows and others will be avoided.

I remind the minister, of course, that when the new estate tax was being examined in the committee on banking and commerce, sitting when the house was sitting, I stood alone and indicated that the women's organizations of Canada, including the university women and the national council of women, even trust companies and others who were familiar with these matters, urged that this particular amendment be taken care of at that time. I was voted down, of course, by the

overwhelming majority of government supporters in that committee. I think too there will be universal approval of the minister's proposal to increase the exemption with respect to medical expenses, for the benefit of those who are faced with abnormally high expenses these days when such expenses admittedly are rising very noticeably.

It was the Winnipeg *Free Press,* as the minister might imagine, that made the statement last year that it is not realistic to expect an opposition to penetrate all the deceptions of an often deceptive government. I, of course, would not hope to be able to do that today. However, in reading the resolutions over the week end I did notice some items that have not had adequate attention perhaps to date by the taxpayers. I think, for instance, of resolution No. 7 with respect to the sales tax. This is the way that resolution reads:

That portrait photographs of individuals be exempt from sales tax.

I suppose the uninformed may have taken a little glow from the thought that in getting portraits next Christmas they may be able to benefit from what looks like a reduction in tax. Without any explanation, as is usual in these matters, it would appear that this is not a reduction in taxation. Portraits have been exempt from the sales tax. On the contrary, this vehicle is being used to impose new taxation that has not been imposed hitherto. I think this is a very regrettable, back door and sly method of introducing a new tax. I suppose the minister is following the slogan of the popular song; he is simply "emphasizing the positive". But what is actually happening here is that for the first time it seems it is the intention of the minister to impose a tax on developing the films used in our amateur photography, which you and I take to have developed in the ordinary photographer's shop. So I came to the realization that quite contrary—

Mr. Fleming (Eglinton): The hon. gentleman is quite wrong.

Mr. Benidickson: Will the minister deny that portraits have always been exempt from tax?

Mr. Fleming (Eglinton): I will deny that there is any suggestion of putting a tax on films that are being developed for people, as the hon. member has indicated.

Mr. Benidickson: I am glad, we shall watch for developments.

Mr. Martin (Essex East): Darkroom tactics.

Mr. Benidickson: I do know that the minister's colleague the Minister of National Revenue advised photo developers that it was the intention to impose this tax for the first time, effective in January of this year, without any change by means of a budget resolution but simply relying on what the department thought was permissive power in the present law. They took the matter to the Department of Justice. It is my submission that we have here a clear exemption of one type of portrait photography with the intention of going ahead with the proposal to impose a sales tax for the first time on the ordinary development of films. If I am wrong I will be very pleased to hear so from the minister.

Before we proceed too far with the budget debate, and in view of the fact that in the city of Ottawa the civil service pension plan covers more people than any other such plan elsewhere, I suggest that the effects of income tax resolution No. 12 be considered by taxpayers very carefully. As most of us know, under certain circumstances a person can withdraw from the civil service pension plan and receive a lump sum payment. This provision is utilized particularly by single female employees upon marriage. The intent of the resolution may be simplification for the tax collector, but we must examine very carefully the effect upon the taxpayer himself.

Apart from some of these items, I do not see that it is useful at this stage, or until we come to debate the resolutions, to refer very much to some of the other items because not very many people are interested in cuttlefish, fish bait, pretzels, instant potatoes and the like, which are prominent in the resolutions this year. At another stage I do, of course, propose to examine very carefully the changes in the tariff. For three budgets we have seen the Minister of Finance come before us as he does, warming his coat tails before the glow of his professed virtue in tariff matters, but with each budget that has been presented we know we have had certain complaints from our best customers. I refer to Britain, Italy, Japan and so on. I suggest that again this year these items will require very careful consideration when we have the bill before us amending the Customs Tariff.

When I spoke briefly the other night, Mr. Speaker, there were a lot of oh's and ah's when I made the statement that the Minister of Finance had been 50 per cent wrong in his forecast of the gross national product, because he had made his forecast on the assumption that no increases in prices would be involved. Over the week end I think most of us have seen that this view has been shared by those

with prominent positions in financial journalism. I find that in the April 2 issue the *Financial Post* had this to say:

> Business planners got an unwanted and unexpected surprise this week: 1959's gross national product made only a bare 3.5 per cent gain in volume. At budget time last year, finance minister Fleming had assumed that prices would be stable and a "real" 7 per cent advance would be achieved in the production of goods and services...
>
> These G.N.P. trends add to the evidence pointing to slower paced growth in 1960.

I hope the Minister of Finance will comment on this as we proceed. I hope the *Financial Post* is equally right when it goes on to say:

> But it's probably all to the good, say most business analysts. The fewer the excesses this year, the milder any subsequent recession.

However, that was not the minister's forecast last year and, as I indicated, it was just 50 per cent out with respect to volume and an assumption of no increases in prices. When we examined the minister's comments the other night we were greatly disappointed with regard to some of the important matters other than finance lightly dealt with that have a great effect upon our economy and our financial future. There was certainly cavalier treatment with respect to the problem of unemployment. It was certainly brushed under the rug. In the budget of the Minister of Finance we seemed to have quite a departure from the philosophy of the Prime Minister that "no man is going to suffer". There is nothing new for the unemployed. In fact one could hardly find anything more fatuous than this brief reference to unemployment in the minister's statement, as found at page 2670 of *Hansard*:

> I am confident... that employment will rise as the coming of spring opens up new job opportunities and as the economy continues its upward trend.

Mr. Deschatelets: What a shame.

Mr. Benidickson: If that is all that can be expected, if that is all the minister was prepared to tell us in his budget speech about the pressing problem of unemployment, I say it is cavalier treatment indeed. About agriculture there was nothing at all said. The silence was deafening with respect to our agricultural industry. Notwithstanding the fact that the net income of Canadian farmers as reported, last month, has declined 7 per cent in 1959, did the minister make any comment about that very vital industry in his report to the nation the other night? He did not.

Well, Mr. Speaker, at this stage in our proceedings it is always monotonous—it is monotonous to us as it must be to those on the other side—and indeed depressing to recite even a partial list of the broken promises of this administration. I believe those promises were made not with the feeling that they would ever have to be redeemed, but were made in an election campaign simply from the point of view of embarrassment.

I shall refer to some very briefly. There was the promise to reduce expenditures, and then what happened? They were increased. There was the promise to lower taxes, but they were raised; the denunciation of high interest rates, and they were pushed higher; the promise to provincial governments of benefits which the government find afterwards they seemingly cannot concede; the promise to divert trade from the United States and then they concentrate trade more in the single basket; the promise to cure unemployment, and in the year which our financial treasurer says is a prosperous year we find unemployment worse than last year and rising. There was the promise to reorganize and rationalize national defence. Now, there is almost universal agreement across the country that national defence is in an incomprehensible mess.

Well, Mr. Speaker, I suggest that in this picture two things have come into focus. It has become abundantly clear that the Prime Minister is, after all, mortal; and second, that the taxpayers' purse is limited. The taxpayers had begun to wonder if the vision was something they could actually afford or was merely an illusion. What are some of the results? We find that the Minister of Finance today is the one being cheered, mostly, as the strong man of the day. The "no person will suffer" philosophy, as I have said, seems to have been jettisoned as being incompatible with the green light that, at some stage, apparently was given to the Minister of Finance to make our finances more sound. Even the government itself now appears to be reaping the whirlwind of the iniquitous promise seed which it sowed in two elections.

At some point last fall—I think this is very interesting—even the Prime Minister seems to have got green around the gills in connection with our financial distress and must have decided on something new because, after all, a change did take place. The Minister of Finance has given us a review of the past year, but it seems to me that the white paper and his report to the house last Thursday night have left out a great portion of the real bases for some of the changes that have taken place.

I want to ask the house to reflect upon the climate, financial and political, across this country last year, particularly in the

fall. I have a little review to show just what the thinking was of people not only in this country, of those likely to be biased in favour of the government, but of onlookers outside of the country. What were they saying six months ago? The *Economist* of London, an outstanding United Kingdom journal, described Canada as in a financial mess.

Mr. Fleming (Eglinton): Will the hon. gentleman read some of the articles from those English papers that came out about six weeks or two months later, and which corrected those erroneous statements?

Mr. Benidickson: That was doubtless after the visit by the minister of the United Kingdom, when he said that Canada's finances were as sound as a bell. But it was also after the time that radical changes were made in the direction of our finances in this country.

The *Globe and Mail* of Toronto has never been particularly unfriendly to this government. Its financial editor, after hearing the speech of the Prime Minister on our financial policy which was delivered to the Lethbridge chamber of commerce, said this:

> As to the cause of tight money, this may clearly be attributed to official policy.

The Montreal *Star* commented as follows:

> We wish that someone he would listen to, would tell the Prime Minister that no one cares whether tight money is due to the Liberals, the Conservatives or hurricane Gracie. Very tight money is here.
>
> Tight money is due to a combination of factors for some of which the government has responsibility. Why not tell what government policy is? Mr. Diefenbaker could. Instead we have to go on guessing.

This was the climate of last fall. The money market certainly told the government that something was wrong and not sound as a bell. I think you and I as individuals, if we had found it so difficult to borrow money, certainly would have thought something was wrong with our operations and would be rather concerned. At the beginning of October the president of the investment dealers of Canada had this to say:

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

The financial editor of the Montreal *Gazette,* commenting on that statement by the representative of the investment dealers, said this—

Mr. Bell (Carleton): Will the hon. gentleman give the date of the quotations?

Mr. Benidickson: October 1, 1959 was the date of the first one. Commenting on that statement the following day the financial editor of the Montreal *Gazette,* not unfriendly to this government either, said if that statement of the I.D.B. is to be criticized, the criticism is that the statement has not gone far enough.

Within about a week, in this kind of climate —and I am giving only a few illustrations of what was being said about the financial policy of the government—it is true that the Minister of Finance broke a long silence, something which is unusual for him, and made a statement to the Empire club of Toronto. This followed within a few days that famous television broadcast of the Prime Minister when he delved into financial policy and pouted that the banks were to blame for our situation and said that nobody was going to stampede him.

Within a week we certainly did get from the Minister of Finance something quite different and more positive in connection with financial policy. It appeared that at long last the Minister of Finance had been given by his Prime Minister something in the way of a brighter light with respect to financial leadership in the country. We certainly had been in quite a bit of uncertainty previously. I should like to give an illustration of what the House of Commons was told in the previous session by the Minister of Finance as to financial policy, and the kind of muddled explanation that we obtained. As reported at page 3746 of *Hansard* of May 18, a question was put to the Minister of Finance and these were his words in reply:

> If the banks find they have not an ample amount of money to meet the extraordinary demands for credit that are made upon them today as a result of the upsurge in the Canadian economy, then certainly it is not the intention of the Canadian government to inflict on the people of Canada a repetition of the tight money policy of our Liberal predecessors.

Then the hon. member for Bonavista-Twillingate asked this question: "What are you going to do to stop it?" To that question there was no answer. There was no answer after the adjournment of the house until the minister started in October to make statements as he has been doing, as I said the other night, every month since. What is the policy? Is the policy that the budget is to be balanced at any cost, or is it the policy enunciated previously by the Prime Minister, namely that no person will suffer—presumably economically—in this country?

The Minister of Finance the other night had quite a bit to say about debt management. There was a striking absence of comment on unemployment and agriculture. However, he had a great deal to say about debt management. I think some of the statements made

the other night are certainly worthy of a review. As reported at page 2677 of *Hansard* the minister said this:

> —the total volume of direct government of Canada marketable issues outstanding at the end of the year is only $28 million higher than at the beginning.

What is the unsophisticated person going to think about that statement? I suggest to the Minister of Finance that no matter how he may twist or squirm, all he requires to do is look at the statistics in the weekly report of the Bank of Canada—and I refer to the latest one, dated March 31 of this year—and he will find that the total of government of Canada direct and guaranteed securities outstanding is up $756 million from a year ago. This is the sum that was taken by the government from the market, and taking this sum diminished accordingly the amounts which investors would otherwise have had available for other undertakings, for other governments, for the commerce of the country and so on. I say, Mr. Speaker, what lubricity there is in this kind of statement.

The finance minister's remarks on the debt management activities of the government in the past 12 months just glossed over the tremendous damage that his borrowings have caused to junior governments and to individual commercial borrowers. The course of the treasury bill rates during the year 1959 reflects these repeated demands made by the government on the money market. The Minister of Finance suggests that these rates really, in their rise, reflected particularly the heavy demands that were made by ordinary commerce through the banks. It was the earlier demands of this government for money, made through and after the conversion loan, that demoralized the interest rates of this country and made it no longer possible for the Minister of Finance to say, "look what we as a government have done to bring down interest rates". Once they started to rise, of course, it was somebody else's fault. First of all it was said it was that of the Bank of Canada; then it was said it was the fault of the chartered banks of the land. But the course of the rise is evident. It stemmed and originated from that unfortunate conversion loan.

Mr. MacLean (Winnipeg North Centre): Give the most recent Bank of Canada rate.

Mr. Benidickson: I am going to refer to that matter. I suggest that the hon. member, like the Minister of Finance, may claim credit that it is going down. You are taking great credit for it going down, but refused to accept any responsibility for financial policy when it was going up to heights never experienced in a generation. I want to say something about what this has resulted in. Let us look at what the cost of interest has meant to this government—and we are examining the accounts of our government for the past year—quite irrespective of the calamity that its policies have caused in pushing out other governments and pushing out the legitimate commerce of the land.

The main estimates for 1960-61 provide for interest in a staggering sum, but this is not all the story. The amount of interest actually provided in the book of estimates for the forthcoming year is less than was spent by the government last year. The amount is $594 million. The actual interest charges last year amounted to $632 million. I pointed out the other night that there is an allowance of only $140 million for extra charges for the remainder of this new year if he is actually to produce a balanced budget. The other night he provided $15 million for the civil servants. But here is a difference of $39 million between what was actually spent last year on interest and what is provided for in the estimates for interest for the coming year.

The question that naturally arises is this. Can the minister, with an item of this kind and many others that I could mention, hold the line to this margin of $140 million in the large budget that is involved for this country? We know this government has indicated that as far as freight rates are concerned, an increase cannot be allowed. They have said that the line must be held. Indeed, the president of the Canadian National Railways said to our committee the other day that if freight rates went up he thought there would perhaps be a diminishing return to the railroads. In competition with other carriers the freight carried would become less. We have at the present time a board of conciliation with respect to the wage demands of 100,000 of our railway employees. If freight rates are to be held as they are and subsidies are to be continued in order to provide wage increases commensurate with increases in wages to workers in other segments of the economy, what is that going to do to the budget of the Minister of Finance?

The minister always has a desire to relate the national debt to per capita debt. We are sorry that we have not in the house these days the hon. member for Welland (Mr. McMillan). We hope, however, that he will be back with us after an operation after the Easter recess, at which time he will doubtless be participating in later stages of this debate. But I am surprised the Minister of Finance would repeat this old tale after the excellent way in which it was presented to the house last year, when the hon. member for Welland pointed out that what the minister was really saying was that every baby

born and every immigrant arriving into the country is simply being handed and assuming a share of the debt. The member for Welland also pointed out that this does not in any way reduce the debt by one dollar. It is simply a matter of transferring to a new baby a share of the public debt.

The net debt as it stands today is $12.1 billion. The Liberals, so much attacked by the Minister of Finance in the past when he sat in opposition for reaching large surpluses, as a result reduced the net debt over a period of 11 years from $13.4 billion to just over $11 billion. In two years this new administration has managed to wipe out half the savings achieved by their predecessors over a period of 11 years.

The cost of servicing the public debt, as a result of the high interest rates and unprecedented deficits in peacetime, now stands at $786 million. This is the second largest item in our budget, being second only to that for national defence. Let us look at the cost of servicing this debt today per wage earner. If we take the figure for the total labour force as approximately 6,200,000, I calculate that the cost would be $126 per year or about $10.50 per month for each wage earner in this country to service the debt. This, of course, is a tremendous obligation, and it has been rising to great proportions.

Mr. Speaker, in connection with debt management, I want to look at another angle. In examining the Bank of Canada report I have found there set out the details of the various forms of loans obtained last year by this administration. We have features that have never been prominent in requests for money over many years of this country's history. Loan after loan seems to have coupled with it a new gimmick and I suggest something which one would almost regard as a new give-away, so far as the taxpayers are concerned, in order to get money.

I refer to such things as the non-callable feature. We have had non-callable features in our public debt in the past, it is true; but I pointed out in the budget debate last year, when referring to the conversion loan which was made, that it would be a financial tragedy of great magnitude when the youth of this land, when they became taxpayers, found there were no callable features as far as the government was concerned respecting that massive conversion involving $6.4 billion.

This has continued. In the past there were occasionally times under the previous administration when the callable feature was omitted, but I suggest there is a very big difference between the elimination of a callable feature when interest rates are 3 per cent and 3½ per cent and when they are 6½ per cent or 5½ per cent, at all time high levels.

This is what the Minister of Finance is denying to his successors in the way of financial adjustment in the future if interest rates go down.

I refer to the debate of last year of March 18, when I said there was another very dangerous gimmick which the minister was apparently introducing. That was the gimmick of a very substantial discount offered with respect to a very short term loan. I do not know whether the minister was as naive as he suggested, whether he actually did not realize the implication of this, or whether he was endeavouring to mislead me or put me and the hon. member for Welland off. Also the Leader of the Opposition—

Mr. Fleming (Eglinton): Mr. Speaker, I do not think the hon. gentleman wishes to leave that imputation on the record. It is not worthy of him to suggest that an hon. member of this house was endeavouring to mislead him.

Mr. Benidickson: I was suggesting an alternative, Mr. Speaker, which I thought the minister perhaps would less like to have, and that was that he did not realize the implication to the crown—

Mr. Fleming (Eglinton): Mr. Speaker, I must take objection to the imputation in the words used by the hon. gentleman. He has his opportunity to withdraw that expression, when he suggests I was misleading him.

Mr. Benidickson: I withdraw willingly, the words "misleading me," Mr. Speaker, and in doing so I will indicate that if one reads the remarks of the Minister of Finance as they appear in *Hansard* of March 18 of last year, it will be found that he said in reply to remarks made by the hon. member for Welland, "What difference does the length of the term make?" We had described the value to shrewd, sophisticated investors of getting a substantial discount on the purchase of a government bond and utilizing that, if they were not dealers, as a tax free capital gain. Indeed, one wonders why, if it were not deliberate tailoring, we had what would normally be called a treasury bill which would not be subject to a capital gain advantage, but by tailoring the loan for merely a period of one more month, 13 months, it was called a bond.

I pointed out last year that as a bond this was indeed a very expensive form of floating loans on the part of the Minister of Finance. He did not seem to realize that the discount portion of the loan extending over 12 of the 13 months was worth more to a person or a corporation paying income tax of 50 per cent than was the nominal rate advertised with respect to it across the country, the low and unrealistic

rate advertised at that time being 2¾ per cent. I said at that time that for a taxpayer who was paying an effective income tax rate of 50 per cent, and who was entitled to a capital gain, it was equivalent to a rate of 6.6 per cent for a bond sold at 100 cents for the dollar. I said in addition that I thought the Minister of Finance was suggesting in this form of procedure, providing short term bonds, a form of finance to the junior governments, and that as the collector of most of the income tax in this country he would regret it very keenly as time went on.

Some of the governments, following the example of course of the Minister of Finance, have been entering into this type of financing to a much bigger extent than ever before, and the sufferer is the treasury of Canada which does not get, on the difference between par and the discounted price, any income tax if the purchaser of the bonds is not a dealer and is thus entitled to have the discount regarded as a capital gain. I think this reached proportions of a dangerous nature. The Minister of Finance did not take that advice, and during the year we had subsequent floatings of loans with this important discount feature over a short term. I say this is going to prove very expensive indeed to the other side of the government, the tax collecting department, when they are seeking to collect income tax.

Then toward the fall we got into something which I think is particularly frightening to the young people of the land, if they just care to look at the type of financing which the minister has embarked upon. I have already said that most of his loan flotations do not give him the right, if interest rates go down substantially in the future, to call the debt, as used to be the practice when interest rates were nothing like as high as these. But here, time after time from September on we have had loan issues which have no call right and another feature called the right to convert. In other words, the sophisticated borrower sees that he has all the benefits of the present high rates of interest for bonds maturing over a short period of time, in 1962, 1963 and 1964, and then if rates of interest prevailing in this country in those years are substantially less he has the right to extend the term of those loans, in some cases up to an additional 13 years.

One can readily recognize this form of finance is certainly going to prove very costly indeed to the taxpayers of tomorrow, who are the youth of today; and this in spite of the fact we have indicated these dangers to the Minister of Finance in the past.

Then we come to Canada savings bonds. Even the Auditor General suggested that there seemed to be a lot of unnecessary and expensive run-around with respect to this form of finance. Canada savings bonds, when they were introduced by the previous administration, may have had some social benefit. They were tailored to encourage savings on the part of the small individual of the land. The maximum amount under the previous administration available to any individual was set at $5,000. Under the new administration there has developed another sales gimmick. The bonds formerly never available to other than the small man, are now available to estates and trusts. They are available to an amount of $20,000 in the name of any one individual, instead of being available to a total of $5,000. I do not think this can be called a small man's form of lending his savings to the government.

The minister's report shows that in the fiscal year just past he did, it is true, sell $1,455 million worth of Canada savings bonds at extraordinary high rates of interest. But the report also shows, at page 267 of *Hansard* —and this is also contained in the white paper—that the minister in the same year redeemed $1,170 million of Canada savings bonds. In other words he has just been rolling this debt over, and the net increase in borrowings of this nature was only $285 million during the year as shown by this report.

This has even provoked complaints from provincial treasurers. When it had some social merit, providing a vehicle for lending money in small amounts, as under the previous administration, up to a limit of $5,000, these complaints did not arise; but the minister will have noticed that the treasurer of his own province of Ontario has long since cried "ouch" and "foul" against this practice, and only last week these were the words used in the legislature by the premier of Ontario with respect to this type of federal financing:

> I do not agree with what they are doing. I feel it is totally unfair. It is "hot" money, and the turnover is tremendous.

I have indicated that the minister cannot have this both ways. I suggest to him that he is always criticizing the opposition and saying we are the prophets of doom and gloom. I say to him that the biggest prophet of doom today is the Minister of Finance if he thinks we shall have this tight money situation with us so long that in 1962, 1963 and 1964 he must be prepared to give lenders an option to renew their loans at 1959 and 1960 rates of interest for high interest rates such as are indicated in the Bank of Canada report; for another 13 years, seven years and

so on. I say he is the pessimist if he thinks that interest rates at levels such as we are experiencing at the present time are to continue for 13 years or more.

The hon. member for Winnipeg North Centre made some comment on the fact that in the last month the rate being paid for treasury bills has fallen very substantially. I suggest to the Minister of Finance that this being so he might get in touch with the commercial arm of the Bank of Canada and see if something could not be done to reduce the rate of interest being charged by the industrial development bank to commercial borrowers.

This would have a very healthy effect upon business in this country, and would provide a healthy stimulus. In March 1959 this government bank raised its charge to borrowers from 6 per cent to 6½ per cent. Last October 1 it increased the rate again from 6½ per cent to 7 per cent. I suggest that in view of this drop in the treasury bill rate from about 6 per cent last September to 3.26 per cent on March 30 last, the minister might consider carefully whether business would not be stimulated if borrowers who cannot go into the securities market or whose applications are turned down by the chartered banks were able to obtain a decent rate of interest from the government bank itself.

Now with respect to revenue and taxes, I have indicated what were some of the promises made by the Minister of Finance and the Prime Minister when they sought a mandate from the people of this country. What do the white paper and the speech of the minister the other night indicate? The minister, of course, compared taxes with the gross national product. Well, we all take pride in the growth of Canada, but most of us think that if a man is progressing in his business and taking in more money he should be expected to get out of debt rather than be complacent about staying in debt.

Apart from that, let us look at the following table. I think, as I have said, that the gross national debt is not being reduced but only being spread more widely; that it is being shared by a greater number of newborn babies. I submit that a more realistic table with respect to tax revenues would certainly have reference to the amount of taxes per capita which are being paid.

I should like to submit a table which I have prepared. It shows a comparative statement of revenues. The figures in each case are taken from the budget papers, and the table compares the revenues taken by this administration in respect of ordinary budgetary expenditures and the old age security fund in 1958-59 with the estimate given the other night for 1960-61. This indicates that the tax revenues per capita in 1958-59 are $269.48 and in 1960-61, $326.72. That is a very substantial increase indeed, and this from an administration led by a gentleman who went up and down Canada saying taxation would be reduced.

I have here a headline taken from the Toronto *Globe and Mail* shortly after the present Prime Minister was elected to the leadership of his party. It reads, "Diefenbaker charges Liberals are Pickpockets". Now, when the tax take is considered, comparing revenues two years ago with the expectations for the coming year, I wonder what the people of this country will think of that kind of political propaganda. This was a speech made on a program of the Canadian Broadcasting Corporation during a free-time period.

Indeed, it was in the same speech that the Prime Minister indicated that the Conservative party would have a commission set up to report on government economies which might be put into effect. It is almost three years since hon. gentlemen opposite took charge of the government, and this commission has yet to be established. We know that any inquiry as extensive as the one proposed would take several years to complete, and I say this is just a further indication of somersaulting with regard to promises made to the Canadian people in 1957 and 1958 elections.

When we come to consider expenditures we find something which is just as revealing. If we look at the budget papers we find the expenditure reported there for the last full year of the Liberal administration, 1956-57. The total, including old age security payments, amounted to $5,228 million. In the year just ended—and I am not taking the figures for the year ahead; that would show an even bigger disparity—in the year which was reported upon the other night by the Minister of Finance, we find that there is a billion dollar difference since this administration has been in office.

One thing which the Minister of Finance reported in his budget this year—and he did it in his budget speech last year—is the well worn claim, as it appears in *Hansard* on page 2679, to the effect that because of the very careful and exacting scrutiny of departmental estimates it is likely that there will not be the usual amount of government lapses, unspent moneys that are put into the budget.

The minister said exactly the same thing last year, as recorded at page 2413 of *Hansard*. These are, of course, good illustrations of the minister's usual modesty.

But bearing these remarks in mind and bearing in mind his suggestion that extraordinary scrutiny has been provided while he has been in charge of the Department of Finance, something presumably never equalled by his predecessors, let us examine the public accounts for 1958-59. We find there that the main estimates for 1958-59 indicated statutory expenditures of $1,788 million. But the accounts show that total budgetary expenditures under statutory authorization amounted to $1,970 million. In other words, the reality was worse than the prospect.

But these are statutory items. What unusual, extraordinary control has been proposed with respect to the items the minister sometimes describes as controllable? In other words, they are voted by parliament. In the main and various supplementary estimates submitted to parliament by the minister authority was given to him to spend $3,818 million in 1958-59. The actual expenditures for those same items amounted to only a difference of $424 million. Does anybody think that careful control, as indicated by the minister, was applied if we have lapsings of $424 million and if as he says, under his supervision presiding over treasury board these estimates of expenditures had received care and attention beyond that of any other of his well-known predecessors. I am afraid the minister is going to sprain his shoulder one of these days patting himself on the back. The trouble is, when one examines these lapsings one finds that it is so unnecessary.

At this stage it is very difficult for anybody examining the budget papers which were presented to us the other day to make a complete and accurate calculation to see how well the minister has carried out his boast in the next year 1959-60 with respect to the close control of the estimates so that lapsings would be minimal. However, by the use of the budget papers it is possible to make a calculation in this respect. Out of budgetary expenditures under statutory appropriations of $2,253 million I do admit that it is not readily possible to follow $21.3 million of expenditures, but with respect to the remainder of this large sum of $2,253 million it is possible to relate the expenditures reported in the 1960 white paper back to the book of estimates for 1959-60 which was prepared by the minister. When one does that he finds that it was proposed in the blue book that $2,056 million be spent on statutory items as appropriations for 1959-60. As I say, in both cases, I have deleted miscellaneous items of approximately $21 million. When this is examined we will find—and I think this is of interest when we consider the narrow margin upon which the minister is basing his surplus for next year—that there was an increase of $196 million. I have indicated on how narrow a base the margin is for the minister's next year's surplus.

With respect to non-statutory authorizations voted in supply I find that there were lapsings of $288.6 million. When one examines the records of previous years, he finds this does not indicate to him that the minister has been better able to reduce lapsings under non-statutory appropriations and at times overexpenditures under statutory items than his predecessors.

It was rather amusing the other night to find that this was brought forward again by the minister despite this discrepancy, when one looks to the past two years' record. It is reported that the other night the Minister of Finance went up to the press gallery after delivering his budget address. One of the journalists asked him a question. It is reported in this way:

> He fenced nimbly with a reporter who asked him if the modest $12 million surplus was over-taxation, a sin for which the one-time opposition critic used to castigate the Liberal government.
>
> "That was different," said Mr. Fleming. "The Liberals were guilty of inaccurate budgeting."

I have indicated the kind of lapsings and discrepancies between the estimates of the Minister of Finance in each of two years.

I indicated some kinds of promises that remain unfulfilled. In fact, what we are getting now demonstrates leadership diametrically opposite to what was indicated to the electorate would be their policy in the matter of finance.

However, the Minister of Finance last year spoke for the second time in the budget debate, as reported at page 2892 of *Hansard* of April 21, 1959. This shows the extreme length to which the minister can go in debate in the house. He was dealing with the opposition amendment at that time a year ago, and he said:

> I have dealt with the terms of this extraordinary amendment, an amendment which has the temerity to accuse this government of having made promises which it did not make; of having been elected on the basis of promises which it did not give during the election campaign, and of having broken promises which it did not make.

I leave it to the country to decide whether any of the promises I have referred to today are not promises that were made well known across Canada as promises made by hon. members of the administration who now sit on the treasury benches. If that is not enough, let us look at some other promises, promises that related to likely changes in fiscal policy.

There are, of course we have been told, two kinds of promises. The Minister of National Revenue (Mr. Nowlan) has indicated

that promises made outside the house are not entitled to the same respect and obligation as promises made in the house, and I must confess that some of these promises were made outside the house but by very prominent members of the Conservative party.

Mr. Pickersgill: Just promises to the people.

Mr. Benidickson: Just promises to the people. We remember that at the national convention at which the present Prime Minister was elected leader of his party they had a resolutions committee. It is true that they did draw up a number of items for the platform for the election that was expected to take place in six months or so afterwards. But after the election of the present Prime Minister as party leader it seems that these platform items were stifled. However, those of use who were here at that time know that no one had a better entree to the goings-on at that convention and to the activities of the Conservative party than that good friend of all of us, Mr. Blakely, representing the Montreal *Gazette*.

Before these plans in the platform were thrown out we had a report from Mr. Blakely as to the goings-on in the resolutions committee of the Conservative party. In the Montreal *Gazette* of December 12, 1956 he reported that the party had agreed, through its resolutions committee, on an extension of the housing act to cover existing homes in good condition. We have heard no more about that. It was agreed that they would encourage processing in Canada. What is there in this budget along these lines of fiscal policy. It was indicated that they would encourage national research by a more favourable tax climate. I see the hon. member for Lambton West (Mr. Murphy): I have no doubt he is still trying to persuade the government to carry out this part of the platform. He probably had a great deal to with getting it in there in the first place. We find that they proposed the development of a deep sea fleet at an estimated cost for 35 ships of some $35 million. That has gone down the drain. Even what we had under the previous administration was sold by this administration.

Mr. Pickersgill: Sold to Batista.

Mr. Benidickson: They promised that they would eliminate the sales tax on purchases by school boards. This is the third budget presented by the minister and we have had nothing with respect to that yet. Then there is another matter which is of great concern to me because I have a bill on the order paper to amend the Industrial Development Bank Act with the same objective that the Conservative party had in 1956, that of providing aid to non-industrial small business through the industrial development bank. When that bill comes up for consideration I hope that my friends, who in such large numbers form the governing party, will make sure of the passage of the bill.

Here is an amazing one. They proposed that they would withdraw from the taxation field with respect to alcoholic beverages and would leave that field entirely to the provinces. Some credit was given to individual sponsors of resolutions at that convention. The present member for Calgary South (Mr. Smith)—he was not a member then—said that he won his case before the 162 member policy and resolutions committee when he called for an amendment to provide for tax concessions for Canadian oil and gas operators equal to those obtained by United States operators from the United States government. We just heard the other day that the government, after almost three years of responsibility, were finally removing the road block that they themselves created instead of providing a green light for this very important industry in western Canada.

Here is another interesting one. The former member for Gloucester got his way too when he insisted that the word "distinctive" be used to describe the Canadian national flag to be adopted immediately.

We know that these planks in the platform were pigeonholed, but let us look at the matter from another angle.

Mr. Martin (Essex East): What about the excise tax on automobiles?

Mr. Benidickson: The excise tax on automobiles was another example. In the election campaign the Conservative party made no reference to the promises made at the national convention and in substitution therefor said that they would go by the commitments made to the Canadian people by the present Prime Minister (Mr. Diefenbaker), then the party leader. It just happens that many matters having direct reference to fiscal policy were indeed referred to publicly and often by the Prime Minister. In his speech to the Montreal chamber of commerce shortly after his election as leader of the party he said that there would be tax changes if his party was elected to power to put Canadian companies on a basis of equality with foreign corporations or their subsidiaries operating in Canada. After three budgets what have we in the minister's financial proposals with respect to that matter?

Again, in his opening campaign speech in Toroto on April 25, 1957 the present Prime Minister said that there would be less discriminatory methods of taxing Canadian oil companies. This was the plank that the hon. member for Calgary South was instrumental

in selling to the 162-member convention resolutions committee. Again, as reported in the Vancouver *Sun* of March 10, 1958, the Prime Minister said that there would be drastic changes in the taxation treatment of all companies. He said that under the Income Tax Act further incentives would be provided for Canadians to invest in Canadian equity stocks. That was also in his opening campaign speech at Massey hall, Toronto, on April 25, 1957.

Then we come back to the project of the hon. member for Lambton West. Tax reductions to encourage Canadian research in every field, which was also referred to by the Prime Minister at Massey hall on the same date. At a Conservative rally at Campbellton, New Brunswick, on May 4, 1957 the Prime Minister promised tax inducements to persuade business firms to process raw materials in Canada.

As I say, these were promises made to the people of Canada outside the house and I think that most of us are disappointed to find little implementation of these well-known commitments made throughout the country in three budgets presented by the Minister of Finance.

I am not going to deal with this matter at any length. Not only in these monthly speeches of the Minister of Finance to chambers of commerce, empire clubs and others prior to presenting the budget but also in what he said to the House of Commons the other night, in which there was very little change from what he had been saying elsewhere, the minister closed his remarks by urging people, with that ring in his voice, to work and save. Of course, the poor unemployed would like to be able to work so that they could save. In past budget debates time after time the minister has used the Biblical reference about the mote and the beam and the eye. If the minister is trying to tell workers and people generally throughout the country that they should follow a policy of self-reliance and that there should be some forbearance and self-denial, I suggest that the minister simply look at the government telephone book of April, 1957 and the new directory and compare the number of staff for each of the ministers then with the number of personal, political staff now. I think the government is certainly not leading the way in forbearance, self-denial or, indeed, self-reliance.

Mr. Pickersgill: A 50 per cent increase.

Mr. Benidickson: In department after department we find no indication of ministers seeking assistance from the permanent professional staffs of the department but rather the addition of publicists, associate private secretaries, executive assistants, and so on. As somebody has said, the number is almost double what it was in 1957.

So I say that if the administration really desires to follow a policy of economy the ministry would be better advised, if they are not practicing self-reliance, to look to the permanent civil service for advice and counsel and not to political advisers to the extent that a comparison of the two telephone books indicates has taken place, contrary to their professions about economy. I move, Mr. Speaker, seconded by the hon. member for Gloucester (Mr. Robichaud):

> That all the words after the word "that" be deleted and the following be substituted therefor: "this house regrets that the financial policies of the government will produce a fourth consecutive over-all deficit in a year of "so-called prosperity", while at the same time offering no solution to the problem of rising prices, rising trade deficits, a continued high premium on the Canadian dollar, increased pressure on provinces and municipalities to borrow outside Canada, declining farm income, and high and rising unemployment."

Mr. Speaker: May I put the amendment with this reservation, that I am not certain that some of the details in the second part have not already been the subject of a decision of the house. Subject to inquiry into that matter, I will put the motion with that reservation.

Mr. Benidickson: Mr. Speaker, may I be permitted to raise a point of order. I think that the Minister of Finance will recall that I referred to tabling two documents which I prepared myself and for which I take responsibility. One is a memorandum as to statutory authorizations and parliamentary votes for 1959-60 and the other is a memorandum as to the principal budgetary expenditures under statutory appropriations for 1959-60. The first table is a comparison of the estimates in the blue book, as I have indicated, with the white paper of the budget for 1960 showing expenditures for 1959-60. I wonder if these could be appended to *Hansard.*

Mr. Fleming (Eglinton): Mr. Speaker, if the hon. member says he has prepared these tables and taken his information from government records I would urge on the house that it give permission to having the tables made part of the record of the hon. member's speech in *Hansard.*

Mr. Speaker: Does the house agree that the tables just submitted by the hon. member for Kenora-Rainy River (Mr. Benidickson) be made part of the record of his speech?

Some hon. Members: Agreed.

[*Editor's note: The tables referred to are as follows:*]

Memorandum as to Statutory Authorizations and Parliamentary Votes—1959-60

(figures in millions of dollars)

1. Main estimates voted	$3,517.7
Supplementary estimates	54.1
Further supplementary estimates (1)	32.0
Further supplementary estimates (2)	116.8
Total—Expenditures authorized by parliament	$3,720.6
Statutory items as per main estimates	2,078.1
Total	$5,798.7
2. Total expenditures as per budget papers	$5,706.8
Deduct: estimated statutory expenditures (1)	2,274.8
Estimated expenditures under parliamentary authorizations	$3,432.0
3. Estimated statutory expenditures	$2,274.8
Deduct: statutory expenditures as set forth in main estimates	2,078.1
Over-expenditure	$ 196.7
4. Expenditures authorized by parliament	$3,720.6
Deduct: estimated expenditures under parliamentary authorizations	3,432.0
Estimated total lapsings	$ 288.6

(1) See accompanying table prepared after a comparison of estimates blue book 1959-60 with white paper budget 1960 showing expenditures 1959-60.

Principal Budgetary Expenditures under Statutory Appropriations for 1959-60

(figures in millions of dollars)

	Blue Book	Budget Papers	Increase or Decrease (-)
Interest and other public debt charges	680.1	786.1	106.0
Family allowances	495.0	491.3	3.7(-)
Subsidies and tax sharing payments	453.5	513.0	59.5
Government contribution to superannuation accounts	44.3	40.0	4.3(-)
Unemployment insurance commission	39.5	45.5	6.0
Hospital insurance	160.0	149.8	10.2(-)
Old age assistance, etc.	55.0	50.8	4.2(-)
Unemployment assistance	20.0	36.1	16.1
Storage of grain	37.9	42.3	4.4
P. F. emergency fund	—	13.2	13.2
Trans-Canada	48.0	52.0	4.0
Emergency gold mining	11.5	13.2	1.7
Freight rate reduction act	—	9.2	9.2
Railway grade crossing	5.0	5.0	—
Maintenance of trackage	7.0	7.0	—
	2056.8	2253.5	196.7
Other statutory expenditures	21.3	21.3(1)	—
TOTAL	2078.1	2274.8(1)	196.7(1)

(1) It is assumed that actual expenditures are the same as the estimates given in the blue book.

[Mr. Speaker.]

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, we are today giving consideration to a rather important document. The house is considering the budget address that the minister gave last week. I believe that the contents of the budget will find a place in Canadian parliamentary and political history because this budget was submitted at a crucial time in the life of the present government. I think historians are going to have to note that the budget is significant in that it shows the failure of the government to supply leadership and a sense of direction to the economic welfare of the Canadian people. I believe there is revealed in the budget a lack of responsibility on the part of the government in terms of recognizing the problems facing most of the Canadian people.

I note that the government has announced its expectation of having a balanced budget. As long as inflation hangs over our heads our group has to endorse the desirability of a balanced budget. However, we feel that the methods the government has employed in arriving at a balanced budget are wrong, if not indeed harmful, to the interests of Canadians at large. We note that the minister has arrived at what he forecasts will be a balanced budget by the simple Tory expediency of reducing or holding the line on government expenditures. In the light of the serious problems we have to face this in our opinion is a wrong approach. We feel the government should rather obtain a balanced budget by looking for ways and means of raising its revenues instead of harshly curtailing expenditures, many of which are important to the welfare of the people.

We submit that the budget does nothing. It does not even make an effort to meet the problems of the people. In the method by which it has been balanced it is a negative budget instead of a positive one that could be historic in that it would indicate an awareness on the part of the government of the needs of the people. It is a do-nothing budget. It is intended for "Fleming's few". It may well satisfy the cynical among us. There may be many Canadians who will say, "Well, what else can you expect?" However, I believe many people who were so starry-eyed back on March 31, 1958 will suffer a rude awakening as a result of this budget. In my opinion only the moneylenders, the large corporations and the foreign exploiters will be able to appreciate the friendliness of this budget.

The Prime Minister (Mr. Diefenbaker) recognized the serious problems of the Canadian people in 1958. Why, then, does not the government recognize them in either the speech from the throne or the budget presented last week? The budget this year was

a test of the sincerity of the government. Next year I expect we will see the goodies spread around.

I repeat that our Prime Minister at one time recognized as possibly no other Canadian politician recognized before the needs of the Canadian people. They expressed their confidence in him and in appreciation of his recognizing their needs brought his party into office. This year the people are carefully watching the actions of the government. At least those Canadians who do any deep and serious thinking are watching and I believe they will recognize this budget as a complete denial of the knowledge the Prime Minister claimed to have with respect to our needs back in 1958.

I wish to ask the government a question at this point. Is it the contention of the government that these problems no longer exist? If they are admitted as existing what are the intentions of the government in regard to action? The Canadian people are demanding answers before the end of the debate and if none are forthcoming I have every confidence that thinking Canadians will take note of this betrayal of the confidence they placed in the Conservative party a few short years ago.

Before proceeding to the subject of the budget as a whole I should like to refer to a detail of the budget, namely civil service pay increases. Now that the minister has revealed the government's intention in respect to the civil service may the House of Commons have made available to it the report of the civil service commission to the minister in regard to a recommended increase in civil service pay? What is the government hiding by continuing to deny to parliament and civil servants the contents of this report? Now that the government has made up its mind as to what it intends to do I feel this is the time when at long last we should be supplied with information as to what those recommendations were.

The whole economy of Canada is going to suffer as a result of the denial on the part of the government of adequate increases in the incomes of civil servants. The public servants who have waited so long have now been told that only a limited number of them are going to receive pay increases. Those who will receive increases—roughly 50,000 out of some 180,000—will have increases retroactive only to April 1. It is our contention that the government ought to at least follow the example pursued by most employers in Canada. If and when a pay dispute is finally resolved the award that is made is made retroactive up to the beginning of the dispute at least and in the case of many employers it may be retroactive even much further back than that. I believe that any increase ought to be made retroactive to the time of the beginning of the dispute.

I believe the government should also give careful consideration to granting the rights of citizenship to our civil servants in that they give them the right to collective bargaining. I hope the government is yet going to reconsider the decision announced by the minister whereby 50,000 will now be given a pay increase and the government is going to weigh the needs of the remaining 130,000.

I ask in all sincerity these questions of the government: is it worried that the civil servants have been acting as one unit in Canada? Is the minister concerned lest there develop some unanimity in the ranks of the civil service and lest they present the government with a unified approach? Is the move of the government now what in union terms we call union busting in that the minister now wants 130,000 civil servants organized into many associations to come and bargain individually with the government? Is the government really guilty of union busting or will it release the report of the civil service commission which I believe we shall find contained a recommendation for an over-all wage increase for Canadian civil servants. If the minister wishes to deny that the report contains that recommendation, I shall be happy to hear him say so. At long last we might be able to get a little bit out of him as to what that report really did contain. I feel that not only will the whole economy of Canada suffer loss when we deny all these workers and their families adequate purchasing power but that it is a reflection upon our society when we have people working in our society as civil servants—people who have denied themselves the right or the hope of any personal gain in their lifetime—if we pay them less than the average wage rates in the country.

We have heard the arguments of the government and the minister. I am not sure whether he made reference again last week to the cost. Yes, he mentioned how much the expected increase would cost. However, last October he argued that the cost of the pay increase asked for was beyond the level of revenue and expenditure that the government was able to afford. The minister now announces that $15 million will be available. He was unable to afford several hundred millions which last fall he claimed it would take. Now he announces that $15 million will be made available. It is my opinion

that no such kind of concern for the taxpayers was evident in the part of the minister when he obviously readily acquiesced in the demand for higher interest rates on the part of the moneylenders of Canada. Even in one year he is making over $100 million more available to the moneylenders at the expense of the taxpayers than was the case the previous year. If the same concern had been shown for the civil servants as was shown for the moneylenders, they would have received an adequate increase a long time ago.

The minister asserts that he has presented us with a balanced budget. Whether or not that is so will only be known a year hence. We admit the need to curtail inflation. Reading over what the minister had to say on Thursday night, I would say it almost appears as if the government is operating on the theory that inflation is no longer a danger. I should like to point out that the problem of inflation has not yet been licked in Canada. I feel it is high time that the government really made a study of this problem and, as a result of intelligent and informed opinion, undertook long term action to cure our society once and for all of this cancerous disease of inflation.

I am at a loss to realize exactly how much inflation we have had in the past year. Reading over the reports and the statistics emanating from government ranks we find various figures. On one occasion there is reference to a 1 per cent increase in prices; in other cases reference is made to a 2 per cent; and in other cases government spokesmen admit to a 2½ per cent increase in prices. Even cabinet ministers issued conflicting reports on what actually has taken place.

However, the federal government is only one influence in this problem of inflation. There are other forces existing within our economy, and they are powerful ones. If the government wants to solve inflation as a national problem, I feel they will have to make much greater use of the Bank of Canada than they have made in the past.

I was rather disappointed that the budget did not contain many more adjustments to the Income Tax Act. I feel that a useful move that might be made is that the industrial development of the poorer regions of Canada could be enhanced by amendments to the Income Tax Act involving, if necessary, some concessions. I notice that this is a device that has been used by the government of the United Kingdom. There we have a government that realizes the need for all regions of the country to enjoy the blessings of industrial advancement and of employment as a result thereof, and they have used their taxation measures as one means by which to encourage industry to locate in regions of the country where it is desirable that more industrial development take place and yet where, if the ordinary laws of economics were allowed to work, these industrial developments are not going to take place.

I had hoped that the minister would have undertaken some moves to plug the many loopholes existing in our income tax laws at the present time. I had hoped there would be a review of the extremely generous depletion and depreciation allowances that exist. We all hoped there would be an increase allowed in the exemptions for the average wage earner in Canada and that the exemption for single people would have been raised at least to $1,500 and for married people to at least $3,000, with a much greater allowance for dependants than exists at the present time.

I had hoped that the government would have given some consideration to the institution of a graduated corporation tax in Canada. I cannot see the logic of applying a graduated income tax to individuals in Canada and yet having a flat percentage rate of corporation income tax. I feel that a graduated corporation tax would serve many useful purposes. It would make it a little bit easier for the small businessman to survive as a small independent businessman. It would be a weapon that would help to discourage the development of monopolies and cartels. It would reduce foreign investments to more reasonable levels. It would encourage the sale of offerings of federal, provincial and municipal governments on the money markets.

We had hoped that the government would at long last have instituted a capital gains tax which would also bring in its wake many helpful solutions to the problems of the Canadian economy. We talked about the difficulties—the premium on the Canadian dollar and investment by people in the United States in Canadian industrial enterprise—and the institution of a capital gains tax would be another method whereby in an orderly and planned manner we could bring about desirable results to the benefit of the future welfare of Canadians.

The minister hardly mentioned the field of agriculture. I suppose in the opinion of the Conservatives agriculture is no longer very important; at least, their action henceforth have not shown that they pay much attention to the needs of agriculture. I would like to ask what has happened to the demand for parity prices, and what has happened to the demand for deficiency payments when goods

are exported? There is no planning in this budget to grant either parity prices on home consumed goods or deficiency payments on exported goods.

Neither is there anything contained in the budget which will bring any measure of hope to what the minister admits is an average figure of 350,000 unemployed persons. May I point out to the minister and the government, in seeking ways and means of adding to its revenues, that if we had 350,000 as an average level of unemployment we thereby lost over $1 billion worth of wealth which would have gone into the Canadian economy. The attitude of the government of the day toward the unemployed of Canada seems callous indeed.

This Conservative government has now introduced the means test in the application of the Unemployment Insurance Act, a most regrettable move. The Unemployment Insurance Act was passed on insurance principles, and the introduction of the means test and the denying to these people of the benefits of their severance and holiday pay is completely opposed to the original intent of the act.

The independent businessman of Canada will receive small comfort from the budget. Ever since the Conservatives took office we have only had one lousy, measly $30,000 vote in all the estimates specifically designed to help the small businessman. How they were going to help the small businessman of Canada before the government was elected. Interest rates are now so high that they are beyond the ability of Canadian enterprise to afford. They are also beyond the reach of those responsible for supplying us with our social needs. Our municipalities, hospital boards and school boards simply are not doing the necessary borrowing because they feel that our home owners, in turn, can no longer pay these high interest rates on such borrowings. Our businessmen, especially our independent businessmen, have ended their major borrowings for the very same reason. They can no longer operate when they have to pay these excessive rates.

The government is deliberately responsible for raising the interest rate, and when one looks back now to the speeches made both by the Minister of Finance (Mr. Fleming) and by the Prime Minister at the time of the bond conversion deal, he will realize that practically every one of the predictions and forecasts as to the blessings of this deal has since been denied by the facts.

We were assured that this move had to be made in order to rid the market of an excessive supply of short term securities. Yet after the bond conversion deal was completed the government itself simply flooded the market with its short term securities, and the provinces and municipalities were not helped to market their own securities. There were many other forecasts and predictions made as to the wonderful blessings of this move, and I cannot think of a single prediction made by the minister at that time which he would now be willing to repeat in this house.

The government is responsible for making tight money tighter still. Tight money became tighter because of the desperate moves of the minister in the money market, and the banks of Canada had to bail out the government in order to make the bond conversion deal a success. The weekly statistics released by the Bank of Canada show that the minister's bond conversion deal would have been a flop if the banks had not come to his aid on an emergency basis. Of course, that made tight money tighter still, and the ordinary man just was not able to borrow.

Then the bottom fell out of the bond market, and in the words of one of the heads of the Canadian banks, the banks had to put a sounder foundation under the bond market and around about August of last year again had to come to the aid of the government and increase their holdings of bonds. Because of the interest rates being pushed up, large corporations left the market and went to the chartered banks in order to meet their capital needs. As a result, the small man in Canada has certainly had to take a beating.

The budget indicates no action will be taken to reduce the premium on the Canadian dollar which harms Canadian exporters so much and also works such a hardship on Canadian manufacturers. No action is indicated to increase our exports so that they may be more even with our imports. There is no action taken on behalf of the veterans of Canada so that their relative purchasing power in relation to the average wage earner of Canada can be restored to what it was shortly after the first world war. There is nothing in the budget to give any hope to those of us who look forward to more federal aid for education. Our municipalities certainly have nothing at all to their benefit from this budget.

We see nothing in it which will enhance economic aid or reduce defence spending. We see nothing in the budget which will encourage greater Canadian ownership of Canadian resources. There is nothing in the budget to deal with the serious transportation mess we are getting ourselves into and which will take hundreds of millions of dollars of public money to get us out of so as adequately to serve the needs of the nation. There is nothing in the budget to indicate

any awareness of the serious economic difficulties in the Atlantic areas of Canada. There is nothing in the budget for the masses of the Canadian people.

Our many problems were realized by the Conservative party and the Canadian people at the time of the last election. After three years what do we get? We get a speech from the throne that ignores these matters, and we get a budget which again refuses to recognize our difficulties. The budget contained a little bit for some civil servants. It was a balanced budget and a glowing report. Resolving our problems will take a lot of money. However, the wrong steps have already been taken by this government—inflation and getting more deeply into debt. The Tories have done both these things. The new budget of the Tories is a negative one. The only efforts they have undertaken have resulted in higher taxes, higher tariffs and higher interest rates.

The budget should be balanced by raising the productivity of the Canadian economic scene. We need vastly expanded production and all our people at work. We need more intensified production. Our whole economy is becoming more and more vulnerable to what happens in the United States of America. The glowing reports, when analysed, reveal that our prosperity is very narrowly based indeed and that an ever smaller number of Canadians are being allowed to share in the growing production and prosperity that we are said to have.

Moneylenders and foreign investors are having a field day in Canada. The government is applying the brakes to the development of the Canadian economy, and it is applying the brakes to a rising standard of living for most Canadian people. I appeal to the government to recognize that in this day and age its first responsibility is to the broad mass of the Canadian people. The people expect that their difficulties will be recognized and that action will replace pious appeals, and because we feel that the government, in the budget, is not recognizing its responsibilities to the Canadian people, I wish to move, seconded by the hon. member for Kootenay West:

That the amendment be amended by striking out the period after the word "unemployment" and adding thereto the following words:

"and in the opinion of this house the solution of these problems requires amongst other things that the government give consideration to the following measures:

1. The planned elimination of wasteful defence expenditures
2. The provision of a self-liquidating public investment program
3. The provision of an appropriate capital gains tax."

[Mr. Regier.]

Mr. Richard A. Bell (Parliamentary Secretary to the Minister of Finance): Mr. Speaker, in what terms might I most appropriately describe the sallies and the sneers which have been launched against the budget this afternoon by opposition spokesmen? Having heard them, I thought that perhaps I should follow the example of the late Humphrey Mitchell, and speak in a kindly way. Is not what we have witnessed this afternoon a parade of the picayune, the piecemeal, the puerile and the perverse?

Have there been any objective, discriminating critiques of the budget, of fiscal or tax policy, or have we heard political harangues and abusive declamations? Have we heard constructive criticism, or churlish captiousness? The house and the country have a right to expect from the opposition's financial critics constructive, realistic, forthright and substantial criticisms. What they have received was a peddling of gloom, of pessimism, of despondency, of dejection. These qualities, however they may be a reflection of the political futures of the parties to which hon. gentlemen opposite belong, do not capture the mood of the Canadian people today and do not represent the reality of Canada's future, of her unprecedented and unparalleled development.

In what he had to say this afternoon about existing fiscal and taxation policies, did the hon. member for Kenora-Rainy River (Mr. Benidickson) propose any alternatives whatever? Did he give the house and the country any concept of the policies he would pursue in the unlikely and unhappy event of his becoming minister of finance? Carefully I listened to him, hoping for some clue. None did I gain, and none was there. With respect, may I say that his speech was in my opinion the most negative I have ever heard from a financial critic.

I am not one who believes that an opposition is under a duty to parade detailed policies on every issue. But I do affirm it has an obligation to assert its principles, to demonstrate on important fiscal matters where its principles and theories differ from those of the government. A hodge-podge of strictures is no alternative to statements of principle.

Presumably, the Leader of the Opposition (Mr. Pearson) and others of the front bench of the group opposite—I adopt the word "group" to which they have been demoted by the hon. gentleman who represents Essex East (Mr. Martin)—will be speaking in this debate. Specifically and directly I invite them to state their fiscal principles, their economic tenets. Let them tell us what in this year 1960 would be their tax policy. Do

they believe in a balanced budget at this phase of our economy? What would they do about our deficit on international payments, except to talk about it? Would they stop the inflow of capital abruptly or gradually, completely or partially? Would they join their great expert Walter Gordon, who may become the minister of finance instead of the hon. gentleman from Kenora-Rainy River, and devalue the dollar, whatever that expression means? If it means something which technically it does not—merely reducing the value—how is that to be accomplished? Would foreign exchange control be reinstated? Would hon. gentlemen opposite peg a fixed rate of exchange and, if so, by what technique? Or would they go into the market and engage in a gigantic financial speculation in the purchase of foreign currencies? Have they, in fact, any cure which is not worse than the disease?

These are fair questions which I put to hon. members in the Liberal group. If we are to have an eight-day debate let it be a debate. Let us know where each party stands; let us get to grips with reality; let us thresh out the issues and the principles which are before us.

This amendment which has been moved by the hon. member for Kenora-Rainy River gives us no clues concerning Liberal policies. All it does is condemn; it does not assert. It is a warmed over version of the various amendments already proposed by the Liberal party to the address and on supply motions. I say to the hon. gentleman that the repetition of inaccurate assumptions—and that is all this amendment achieves—does not make them any more accurate or more palatable. I think I should add at once that the sophistical and unrealistic subamendment assuredly does not improve the amendment. In fact, I was thinking as I read through the text that both the amendment and the subamendment had obviously been drafted by experts, and I use the term "expert" in the sense in which Nicholas Murray Butler defined it, as one who knows more and more about less and less.

I do not propose at this time to spend any time replying to the speech of the hon. member for Burnaby-Coquitlam (Mr. Regier). That speech reminded me simply of one which Disraeli characterized as "the hare-brained chatter of irresponsible frivolity". The hon. gentleman succeeded only in demonstrating one thing, the validity of the epigram of Viscount Hailsham: "The Left can never be Right". If the hon. gentleman is the spokesman of the so-called new and unnamed party of the left, its future might well be that described by a United States congressman who, speaking of another party, said it was "like a mule, without pride of ancestry or hope of posterity".

Mr. Argue: How old is that one? Why not say what you think instead of quoting the views of other people?

Mr. Bell (Carleton): The hon. member will hear plenty—

Mr. Argue: Not from you.

Mr. Bell (Carleton): May I say to the hon. member that nothing becomes him so much as silence, and I hope he will observe it for a little while.

Let me deal with some of the matters which have been raised by the hon. member for Kenora-Rainy River. In his anxiety to score debating points he fell into many grave errors this afternoon. Last Thursday night, and indeed again this afternoon he alleged that the Minister of Finance (Mr. Fleming) had forecast for the last fiscal year an increase in the gross national product of 7 per cent, and in an imaginary horror he exclaimed that it was only 6 per cent. Let us test the validity of all his strictures by this one. What he forgot to tell the house was that the dominion bureau of statistics, after the last budget, revised upward the 1958 preliminary figure of gross national product, thereby involving a shift in the percentage by which 1959 could exceed it. What the Minister of Finance said in his budget speech of April 9, 1959—and I quote from *Hansard* at page 2409—was this:

> I shall be basing my budgetary policy and my revenue forecasts on a gross national product of about $34½ billion which is about 7 per cent above the average level achieved in 1958.

In other words the forecast was a dollar amount of $34½ billion. What is the actual figure for 1959? It is $34,593 million, or $93 million more than the forecast figure. I ask this. Has the house ever seen closer estimating in respect of figures so astronomical? The margin of error is fantastically small.

Why, then, this talk of 6 per cent as opposed to 7 per cent? When the Minister of Finance brought down his budget on April 9, 1959 the preliminary estimate of the 1958 gross national product was $32,184 million. On this figure the forecast 1959 gross national product of $34½ billion represented an increase of approximately 7 per cent. Later in 1959, the dominion bureau of statistics, on the basis of later information, adjusted the 1958 figure upwards from $32,184 million to $32,606 million, on which of course the percentage relationship was slightly less.

What my hon. friend failed to do was to compare the comparable. If you compare the

preliminary 1958 figure of $32,184 million with the preliminary 1959 figure of $34,593 million you will find a 7.48 per cent increase.

This increase compares with the post-war average increase of about 4 per cent. In other words, our rate of growth in 1959 was almost double the average of other years since 1945, and this despite the fact that our rate of expansion was subject to a temporary but very significant pause in the third quarter of 1959, due to the effects of some major labour disputes. These are the real facts. But, in one of his scattered jibes on this subject, the hon. member for Kenora-Rainy River claimed that the Minister of Finance was 50 per cent wrong and he repeated that this afternoon.

Mr. Benidickson: In volume.

Mr. Bell (Carleton): My hon. friend was not 50 per cent wrong. He was 100 per cent wrong in this as in so many other subjects that he discussed.

For his forecast of the gross national product, his forecast of the budget deficit and other estimates, when compared with the actual, the Minister of Finance certainly need offer no apology. On the contrary, I believe he can proudly assert the smallest margins of error that there have been in history. Let hon. gentlemen opposite produce examples of any budget of recent Liberal ministers of finance where the forecast was so closely vindicated by actual performance, where the margin of error was less. All of us remember when time after time that very distinguished minister of finance, now Mr. Justice Abbott, would be $300 million and $400 million out in his forecast of budgetary balances. That was budgeting in those days by accident.

The hon. member for Kenora-Rainy River attempted to find something sinister in the technique of dealing with the old age security fund. The Minister of Finance has loaned that fund $24 million, which amount will be repaid out of an anticipated $30 million surplus this year. Oh, said my hon. and genial friend from Kenora-Rainy River, if you had not done this your deficit would be $24 million greater. He cannot have it both ways although he tried to do just that very often this afternoon; he tried to have things both ways many times. Suppose he was right in the assertion which he makes; then, the inevitable concomitant would be that next year's surplus would be $30 million larger than that which has been forecast.

On many occasions this afternoon my hon. friend seemed to take great pleasure in playing with bookkeeping items. With great respect I would suggest to him that this hair-splitting brand of dialectics profits us not at all, and that he really should leave these tactics to his colleague on the front bench who is an expert therein, namely the hon. member for Ottawa West (Mr. McIlraith).

We heard some things this afternoon about unemployment. Not for a moment do I discount the individual problems which are involved. I could not do so, since it perhaps falls to my unfortunate lot to interview more persons seeking employment than perhaps any other hon. member of this house. But in their preachments of gloom, in their wallowings in pessimism these Jeremiahs opposite fail to tell us the whole story. It can be found in the white paper. There are more persons employed at better wages than at any time in our history. Total employment rose by 156,000 persons between 1958 and 1959. Labour income reached a record level of $17.7 billion, almost 8 per cent above 1958. Since consumer prices roses only about 1 per cent, there was a substantial gain in real income.

A few weeks ago the Leader of the Opposition made a very realistic and I thought a surprisingly objective appraisal of some of the causes of unemployment and I think his example might be followed by some of his colleagues on the front bench opposite, particularly the hon. member for Essex East.

In all his declamatory rhetoric this afternoon, in his jibes the hon. member for Kenora-Rainy River totally ignored the very substantial fiscal accomplishments of this government, the very genuine advances in fiscal and tax policy. I want to take a few moments to discuss ten of those highlights, adding the caution that this review and listing are not, of course, intended to be exhaustive or exclusive.

First, and at the top of my list, I put the successful financing of the greatest increases in social justice payments ever made in any period. What are the facts? Direct payments to individual Canadians by the federal government for social justice account have increased more than 50 per cent over the last year of Liberal government and that tremendous dollar increase has had to be financed from revenue.

Mr. Martin (Essex East): This is all nonsense.

Mr. Bell (Carleton): My hon. friend could find out if this is so by examining the record.

Mr. Martin (Essex East): Will you allow me to deal with that now?

Mr. Bell (Carleton): The hon. gentleman knows perfectly well that is so. If he would only allow his statistical genius to have full sway he would discover the exact figures.

Mr. Martin (Essex East): Would my hon. friend permit me to point out that whatever benefits there are—

Some hon. Members: Order.

Mr. Martin (Essex East): They do not like the truth.

Mr. Bell (Carleton): My time is limited. My hon. friend's skill in building up men of straw is exceeded only by his volubility and ability to create diversionary tactics. I do not intend to be diverted in this way.

In the last year of Liberal administration old age security payments were $379 million; last year they were $574 million, an increase of about 52 per cent, and this is the story generally across the board.

Second, the fiscal policy of the government provided the incentive for recovery from the recession. In June of 1957 Canada was tottering on the verge of a depression. Had we not reversed some of the policies of our predecessors, recession would have become all-out depression. The reductions in taxes in 1957 and 1958, together with the introduction of many hundreds of million of dollars into housing, transportation and resources development, were designed to augment investment, to stimulate recovery and to provide employment. These policies succeeded.

Hon. gentlemen opposite seem to have forgotten that housing in Canada was coming to a virtual standstill when this government took office. It was the tremendous stimulus given the industry under the imaginative direction of the then minister of public works, now the Secretary of State for External Affairs (Mr. Green), that saved the day. The flexible and adjustable fiscal policies adopted by this government enabled the country to emerge from recession into recovery and renewed growth, and in the last fiscal period to experience an expansion of major magnitude as well as soundness.

Third, and in due course, has been the achievement of a balanced budget in the forthcoming fiscal year. For sound reasons the Minister of Finance deliberately budgeted for a substantial deficit in 1958 and for a reduced deficit in 1959. Two years ago we were meeting the problems, as I have said, of a recession and were seeking to use fiscal measures to offset the decline in business activity and to stimulate recovery. In 1960 our position is different. Deliberately, in this period of expansion, the government has brought the budget into a surplus position, a position where the federal government ceases to be a net borrower, thus leaving the capital market free to the extent of some $700 million to the provinces and the municipalities and to business and industry. Let no one think that this has been easily attained. Without the determination, the persistence and the tenacity of the Minister of Finance it could not have been accomplished. This balanced 1960 budget is a personal tribute to the hon. member for Eglinton.

The fourth major accomplishment of the government has been the achievement of relative price stability. No one can ever assert in a dynamic society the conquest of inflation. But we have accomplished an avoidance of disturbing fluctuations upwards or downwards in the general level of prices. In the last fiscal year of Liberal government the consumer price index rose 4.1 per cent. The first broken year of Liberal and Conservative government shows an increase of slightly less. Since that time, in two years the price index has risen 2.9 per cent or an average increase of less than 1.5 per cent a year. I say that ceaseless, unremitting vigilance to control inflationary pressures is essential to our progress, as the Minister of Finance so eloquently mentioned in his budget speech the other night.

Then I come to the fifth matter, the effective management of our public debt. On this matter an uncommon lot of nonsense has been talked, none more so than about the conversion loan, and we heard some of it this afternoon. This was the greatest financial operation in Canada's economic history. It was a major anti-inflationary step, it removed a heavy pressure on the bond market and it nearly doubled the average length of our debt.

Suppose there had been no conversion loan. What would have been the pressures upon the capital market with this heavy debt maturing? If such pressures had been added to the pressures which actually did develop in 1959, the result might well have been chaos. History, I believe, will prove that the conversion loan of 1958 has been one of the most farsighted acts of financial statesmanship ever undertaken.

Last Thursday evening and again this afternoon the hon. member for Kenora-Rainy River engaged in some agile dialectics about the net debt. How it has risen, he exclaims. But he really did not tell the whole story in connection with it. It is true, of course, that our total net debt has risen but so has our ability to pay. The fact is that our per capita debt today is $681 as opposed to $849 in 1950 or $701 in 1956, the last full year of Liberal administration. Was the hon. gentleman heard in protest in those earlier years about the size of our per capita debt?

Equally, what is not clear from what he said this afternoon is that our net debt as a percentage of the gross national product has declined. Back in 1950, in the heyday of Doug. Abbott, our net debt was 71 per cent of our gross national product. When the Liberals went out of power it was 36 per cent. Today it is 34.9 per cent, a lower figure than in any previous year except 1958. The best evidence of effective debt management is, first, that public holdings of dominion of Canada bonds are at the highest level in the last 10 years and, second, that public subscriptions for the last Canada savings bonds were the highest ever. The public of Canada, with their dollars, have voted for the debt management policy of the government.

Mr. Pickersgill: And the high interest rates.

Mr. Bell (Carleton): My sixth point is the question of dominion-provincial relations. There have been many things said by way of criticism but overlooked were the most significant and revealing facts. The first is that in the last full year of Liberal government total payments of all kinds to the provinces were $689.4 million. In this fiscal year they will be $1,300.9 million. That is an increase of $611.5 million or about 88 per cent.

Mr. Pickersgill: Would the hon. gentleman permit a question?

Mr. Bell (Carleton): My time is very limited, Mr. Speaker.

Mr. Pickersgill: Then the hon. gentleman will not.

Mr. Bell (Carleton): Actually unconditional payments have increased by 57 per cent and conditional payments by about 250 per cent.

Mr. Pickersgill: Most of it Liberal legislation.

Mr. Bell (Carleton): Mr. Speaker—

Mr. Pickersgill: That was the question I was going to ask the hon. gentleman. Tell the truth.

Mr. Bell (Carleton): When the hon. gentleman interrupts like that it reminds me of what Bacon once said, that universities incline wits to sophistry and affectation, and if there ever could be proof of that it is found in the hon. gentleman.

Mr. Pickersgill: It is in the hon. member's speech.

Mr. Bell (Carleton): Mr. Speaker, the Atlantic adjustment grants have been a major contribution of the government. The settlement of the university grants issue with the province of Quebec on a mutually satisfactory basis is a magnificent contribution to national unity. It is one for which credit must go to our Prime Minister (Mr. Diefenbaker), to the Minister of Finance, to the late premier and the present premier of the province of Quebec. What an act of constructive statesmanship. Let us give credit where it is due. And have hon. gentlemen opposite forgotten the 50 per cent increase in the amount of the grants? Let them give credit for that.

Mr. Pickersgill: Who started them?

Mr. Bell (Carleton): The seventh major contribution of the government is its effective tariff policy. Attempts of a rather childish nature are made to claim that this government is a high protectionist government and has departed from the principles of multilateral trading. Since the government came to power there has been a firm adherence to the principles of the GATT. Indeed, what we have tried to do is to give leadership in GATT, not just pay lip service to it as our predecessors did. We have tried, with success, to use GATT as an instrument in the removal of restrictive trade practices, and this we must continue.

Let those who criticize our tariff policy assess the success of the negotiations regarding fruits and vegetables and textiles. Let our Liberal friends tell us during this debate if they would have ignored the tariff board report on fruits and vegetables. If not, will they not admit our genuine success in concluding these delicate negotiations with the United States? No constituency will profit more by that than the constituency of the hon. member for Essex East.

Before this debate is finished we shall probably hear much on textiles. That the Liberal party will seek to face both ways, I have no doubt. But this house knows and the country knows that the Liberal party wholly ignored the plight of the textile industry. It sold the industry down the river and it has not relented—

Mr. Chevrier: What are you doing now?

Mr. Bell (Carleton): —in its callous disregard of a great national industry, one of the largest employers of labour. When the Leader of the Opposition speaks in this debate let him tell us whether he would have accepted or rejected the tariff board reports on textiles. That is a specific and direct question that I put to him, and it should have a direct answer.

Mr. Martin (Essex East): When do you want the answer?

Mr. Bell (Carleton): When the hon. gentleman speaks. He will have plenty of time.

Mr. Martin (Essex East): My hon. friend does not want an answer.

Mr. Bell (Carleton): I had not discovered that the hon. gentleman had taken over the role of the Leader of the Opposition. I know he has been most un-co-operative with the Leader of the Opposition and has been trying to take it over but I had not realized that he had succeeded.

Mr. Benidickson: That is not true.

Mr. Bell (Carleton): The amendments to the Customs Act which were so bitterly fought by the hon. member for Bonavista-Twillingate (Mr. Pickersgill) and others have been a significant contribution to orderly trade. When he speaks perhaps the Leader of the Opposition would tell us directly whether the Liberal party would repeal them, amend them or retain them.

Coupled with this is my eighth point, namely effective leadership in commonwealth trade policy.

Mr. Chevrier: Mr. Speaker, would the hon. gentleman permit a question?

Mr. Bell (Carleton): Mr. Speaker, my time is limited and I do not feel that I can accept questions.

Mr. Chevrier: Before the hon. gentleman leaves his point about textiles would he permit me to ask a question?

Mr. Bell (Carleton): Normally I am most happy to answer questions, but my time is exceedingly limited and I am endeavouring to cover a very broad field.

In this area there is a significant difference between hon. gentlemen opposite and this government. Hon. gentlemen opposite do not really believe in commonwealth trade though they give lip service to it. We do believe in it and we do not apologize for this belief. As a direct result of the commonwealth trade conference, sterling and other European currencies have become convertible, a major advance, and the great majority of discriminatory restrictions against dollar imports have been eliminated.

What are the other results? Our contribution to the Colombo plan in southeast Asia was raised 50 per cent. For the first time we sponsored aid programs for the British West Indies and for Africa. This technical and other assistance was and is an act of enlightened leadership. I will admit that these are not the last word in aid to underdeveloped countries. Indeed we are probably but on the threshold. So long as people anywhere in the world are hungry this wealthy nation cannot be complacent. Well may it be that in this field will lie our greatest contribution to peace and the democratic way of life.

From the conference, as well, flowed the establishment of the commonwealth scholarship plan, a plan which in my view may prove ultimately to be a major beacon light of the 1950's.

I come to my ninth point, the major tax revisions. The replacement of the old dominion succession duty by the new Estate Tax Act was a major advance in tax legislation. But there have been other detailed and significant revisions of our tax structure. Take for example the new provision for a tax free gift of $10,000 between spouses respecting a jointly owned home, or in the case of a farm, between parent and child; the reduced sales tax on a wide range of municipal purchases; the inclusion of drugs, eyeglasses and many other categories in medical exemptions, as well as the raising of the exemption limits in this budget; the reduction in automobile excise tax; the very many tax reforms introduced, including in this budget two very significant proposals, first the relief from the impact of double taxation on pension benefits and, secondly, a new technique of tax deferment on profit sharing plans. Let it not be forgotten that for the lower and middle income groups income tax rates are lower than when this government was elected. The tax position of small corporations has also been greatly improved.

As my tenth point I wish to say a word about civil service matters. Controversy has obscured some of the major facts. Let me set the record straight. It was this government which put into effect the last civil service increase and which had to raise the funds for it. It was this government which proved itself the true friend of all civil servants by managing a change of government with the least upset of any change in Canadian history. There were literally no dismissals. Contrast that with the parade of firings which occurred when the Liberals came into power in 1935. What a scandalous and unconscionable display of political patronage occurred at that time including what Pierre Casgrain did in this very House of Commons, which was the worst of all.

It was this government which in its first year of office provided increases for superannuated civil servants, something which the former government for 10 years refused to do. It is this government which last session fully revised and improved the Defence Service Pension Act, the R.C.M.P. pension provisions and which at this session of parliament proposes a revision of the Public Service Superannuation Act. It is this government

which after Easter will introduce a complete revision and modernization of the Civil Service Act itself, to bring it up to date and to improve and assure for all time the true practice of the merit system.

It is this government which established the pay research bureau which the previous government had declined to do. It was established so that the pay data could be assembled on a scientific basis. This is the atmosphere in which the government at the first feasible opportunity had decided upon a class to class system of pay increases with increases for 50,000 civil servants effective at once and the balance before the end of summer. Oh, yes, I have neglected to mention the medical-surgical plan, one of the major advances in civil service matters.

Representing as I do more civil servants than perhaps any other hon. member of this house I am not unaware of the disappointment which existed at the decision not to approve a general pay increase last autumn. But I am satisfied that a class by class approach will enure in the very near future much more to the benefit of the average civil servant than a horizontal increase. We have seen how horizontal increases in freight rates have merely accentuated the existing discriminations. Continuous horizontal increases in salary perpetuate and intensify discriminations as between classes and help the high ranking civil servants to the detriment of the lower paid. That is why I believe this continuous class by class approach will prove much more effective and much more beneficial to those I represent than would a single horizontal increase. Under this approach, with the pay research bureau in action, review of salaries will be more regular, less discriminatory and more in the interests of the average civil servant. To my civil service friends in Carleton who have maintained a responsible and dignified attitude throughout this salary controversy I say—"give this new approach a real trial these next few months. I do not believe you will be disappointed."

I have taken the time to mention but 10 of the major accomplishments of a fiscal nature of this government but there are many others. If time permitted me to do so I would go on to enumerate them. I say, however, that this is a proud record of fiscal accomplishment. The Prime Minister, the Minister of Finance and the Minister of Trade and Commerce (Mr. Churchill) may justifiably take genuine satisfaction in the economic leadership they have given this country. The promotion of confidence in Canada's economic future, the encouragement and continuation of our unprecedented economic expansion, a continued assault upon inflation, the maintenance of a sound dollar, the relief of the capital market thereby easing credit; these have been major objectives of this budget. These objectives have been achieved in the budget for 1960, I believe. In my opinion, in their accomplishment the Minister of Finance has earned the gratitude of the house and the country.

Mr. Pickersgill: Mr. Speaker, before the hon. gentleman resumes his seat would he permit me a question.

Mr. Bell (Carleton): I already have, but if I can improve the hon. gentleman's knowledge I will endeavour to answer his question.

Mr. Pickersgill: I should like to ask the hon. member if he is aware that in his speech he made the same misleading statement about payments to the provinces that the Prime Minister made on television and that has been corrected more than once in this house?

Mr. Bell (Carleton): Mr. Speaker, that statement which I made is entirely accurate. It was accurate when previously made and it is accurate now and can be proved by an examination of the white paper.

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, in rising to support the amendment introduced earlier this afternoon by the hon. member for Kenora-Rainy River (Mr. Benidickson) I wish to say at the outset that I will deal with the main points referred to in the amendment together with the position of the government in relation to the civil servants of this country. I will leave to others the task of replying to the hon. member for Carleton (Mr. Bell) who just made another of those "What would you do?" speeches which we hear so frequently from hon. members opposite. It is a clear indication that the government still seeks advice from the opposition.

The hon. gentleman reminded me of an auctioneer in the approach he adopted. He could easily have said, "$12 million once, $12 million twice, $12 million three times, gone". That is just about what will happen to the meagre surplus which the Minister of Finance (Mr. Fleming) introduced in his budget, a surplus of which the hon. member for Carleton and other hon. members opposite are so proud, one which may be attained at the expense of the civil servants of this country including those residing in the constituency of the hon. member for Carleton. It was on March 27, 1956 that an hon. member of this house is reported, as can be found at page 2647 of *Hansard* of that day, to have said as follows:

Well, sir, it is in no personal sense that I must say to the Minister of Finance, in referring to the

budget effort on this occasion, that it was unquestionably the worst failure in Canadian history within living memory. In kitchen terms this budget is as dull as dishwater, and it fell as flat as a pancake.

Further on he said this:

Indeed, sir, if this represents the government's idea of a budget it might just as well have been dispensed with entirely.

Those were the words of the hon. member for Eglinton when sitting on the opposition side of the house. I could not resist repeating those same words today because at no time in Canadian history has a budget been introduced which did so little, offered so little and meant so little to the people of this country. It was indeed a "doing nothing" or a "doing just the same as last year" budget.

This is a case in which someone should have called out "dispense" because by avoiding the reading of this budget the Minister of Finance would have been saved from exposing once again the lack of leadership, the lack of policy and, indeed, the evidence of contradiction which has been so outstanding a feature with the government since it took office in June of 1957.

I know that for over one and a half hours on Thursday evening last the government members, the colleagues of the minister, 44 times burst into desk-thumping applause, notwithstanding the stand-pat aspect of the presentation. It would have been advisable for those hon. members to have reserved their enthusiasm, at least when the minister announced the meagre $15 million increase for one-third of the civil service force of this country.

In his hold the line policy announcement when he flatly refused to grant any general salary increase early last fall the Minister of Finance, in an inept and arrogant way, stated that such an increase would seriously upset the budget. In other words, the civil servants of this country were nothing else but the victims of the unrestrained extravagances of the present government. How could they upset a budget which was already badly disrupted? Now, six months later, the same minister comes back with what is being called too little and too late. The applause from government members—which provoked an ear to ear grin on the normally solemn face of the Minister of Finance—could well have been avoided when the minister referred to the degrees of disparity between civil service salary rates and those of private employers and ended up by selecting one third only of the civil service force for nonretroactive increases in salary.

What about the remaining two thirds of the civil service force? What about the armed forces and the Royal Canadian Mounted Police? In his budget speech the minister took great care to say that a review of all other classes in the public service will be carried out by the civil service commission forthwith and that it is expected to be completed before the end of the summer. What he did not say is that he already has in hand a complete report, an exhaustive study, prepared by the civil service commission and presented to him early in 1959. Not only did he refuse to act on the recommendations of the commission but he even refused to make this report public as requested by opposition members in this house.

In a post-budget press interview, the minister allowed himself to be understood to mean that there was a clear obligation in the budget speech to cover the salary levels of the rest of the civil service by the end of the summer. What is the Minister of Finance waiting for? As I have just said, he has on hand a recent civil service commission report on salaries and he is now attempting to cover up once more by delaying tactics which are uncalled for and unacceptable as the procedure is considered to be far too slow to keep up with changing conditions since the last increase was granted in 1957.

I want to make it clear that once again the civil servants are being victimized by the delaying tactics of the Minister of Finance and that the two thirds of the force not included in the present increase are being used to cover up so that it might be possible for the minister to be in a position to announce a balanced budget.

What a contradiction we find there. The minister could just as well have said: taking into consideration the degrees of disparity between civil service salary rates and those of private employers, the treasury board has now approved recommendations from the civil service commission involving the employees of the public service. In saying this, however, the minister would have had to say further: this will involve an increase in expenditure of about $45 million or maybe $50 million during the present fiscal year. But no, the minister could not do this, because he would have missed his meagre surplus of $12 million. He would have missed the desk-thumping applause of his supporters in the house. He would have ended up with a deficit of $25 million or $30 million.

How inconsistent can the minister be when within minutes of the presentation of his budget in a post-budget press conference he makes it rather clear that there was almost no possibility of stopping before the full civil service force was considered by the treasury board on a class by class basis. If this is so, why does the minister refuse to

admit now that the 1960-61 fiscal year, as we all well know, will show the fourth consecutive deficit of the present Conservative administration?

In dealing with the civil service increase the minister has been very open to say that there was no leak. In a post-budget press conference he is reported in the Ottawa *Journal* of April 1 as follows:

"I'll say quite flatly there was no leak" in the federal budget, Finance Minister Fleming told reporters at a post-budget conference last night.

I have here in front of me the Ottawa *Journal* for March 3. Under the heading "Fleming Replies to C.S." we find the following:

Civil service leaders were pondering the phrase "subject under continuing study"; was it just polite and non-committal acknowledgement of their renewed salaries plea or was it an indication that the government was actually considering a salary adjustment?

Later on the article states:

Replying today, Mr. Fleming wrote that the case the committee had made in its new submission was "largely a reiteration of previous arguments".

And further:

As to any commitments out of a budget priority for salaries, Mr. Fleming reminded the committee that comment on this subject "at this time"—

"At this time" were the minister's own words.

—with the budget under preparation—would be "improper".

Then he concluded his letter with the assurance the salaries question was "a subject under continuing study".

A few weeks later, on March 25, this same newspaper, namely the Ottawa *Journal*, in an article under the heading "New C.S. Pay Approach to Fleming", reported as follows:

In its announcement of plans for the new approach to the finance minister, the committee dropped a few hints of the points it would try to make with Mr. Fleming.

They included:

1. The finance minister's own "quite emphatic" statement on the last committee interview in October that his hold the line policy on government salaries "was intended for the 1959-60 fiscal year only;—

If this is not enough to let anyone believe that an increase was coming in the present budget, I do not know how it could be otherwise interpreted. It may be well and good for the minister to huddle together a series of wild guesses and figures which, for the time being at least, may temper down the disappointments and frustrations of his fellow members.

Let us look at the facts. Does the present budget come to grips with the economic problems facing the country today? This is a government which is well known for its promises. It has been a government which has committed itself to defeating the problem of unemployment. "We are defeating the problem", said the Prime Minister (Mr. Diefenbaker) at Prince Albert on February 14, 1958. At Cornwall ten days later on February 24, the Prime Minister said, "We have acted; we are meeting unemployment. We have given our young Canadians hope. We have given them the vision".

Our young Canadians, as I said before in this house, cannot live on hope and vision alone; they want work and employment. Our unemployed as they stand today deserve better consideration from the government than they are receiving from the present budget.

What were the words of the Minister of Finance in the presentation of his budget when he referred to unemployment? As reported on page 2670 of *Hansard*, he said:

I am confident, however, that employment will rise as the coming of spring opens up new job opportunities and as the economy continues its upward trend.

Here again is the minister hoping to be saved once more by luck, if ever luck comes his way.

Can we imagine the argument used by the minister when he said that as a result of an unusual increase in the number of persons estimated to be in the labour force, the estimate of the number without jobs and seeking work was 18,000 higher than a year ago? What would this increase in unemployment be today if the immigration influx into this country would have followed its normal course? The coming of spring, not government policy, will open new job opportunities, says the minister. This, at last, is a frank admission by the Minister of Finance himself of the lack of policy, lack of leadership, lack of planning by the present government. As our leader stated the other day in a "Nation's Business" broadcast, this government hopes that unemployment will go with the snow. It had better start moving fast, because the snow is pretty well gone, especially in the vicinity of Ottawa, but the number of unemployed is still rising. In fact, there were 814,241 live claims for unemployment insurance benefits as of February 29, and 827,512 unplaced applicants as of March 10 of this year. And while the economy continues its upward trend, according to the minister, the number of unemployed is increasing day by day and the government is hoping for spring to rush its course and come to its rescue. More sun, more rain, more mild weather, less snow, more jobs, hopes the Minister of Finance.

The Minister of Finance has refused to recognize the urgent need to give direction to

the economy of this country. His attitude is typical of the present government's complacency; it is based on hope, on the hope that everything will come out right in the end. The gross national product, says the minister, will again increase by 6 per cent and on this assumption he believes that the unemployment problem will adjust itself accordingly. He seems to forget, however, that notwithstanding a 6 per cent increase in 1959 the number of unemployed at mid-February of this year had reached 8.9 per cent of the labour force against 8.8 per cent at the same date last year. It has adjusted itself, but in reverse. The snow is going down but unemployment is still going up.

This government refuses to meet the challenge of unemployment and chooses to stand pat on the tired assumption that everything will come right some day. It is a government without leadership, without definite policy. It is a government which in less than three years of office has already lost the overwhelming confidence with which it had been entrusted by the electors of this country. Here again let us listen to the minister. As reported on page 2670 of *Hansard,* he said:

> The past year was notable for a welcome absence of speculative excesses in production, demand and inventories. I stress this because often in the past such excesses have provided a major cause of recession.

In other words, is the minister taking satisfaction in the fact that the 1958 and 1959 crop years were so much below the previous recent years that excesses or surpluses of inventories in wheat and other grains have been cut down? Is he taking satisfaction from the fact that the 1959 net income of farm operators is estimated at 7 per cent below the previous year's level? Is he welcoming the fact that as at December 31, 1959 storage holdings of fish products were over 63 million pounds as compared with holdings of 56 million pounds on December 31, 1958 and 52 million pounds on December 31, 1957? I sincerely hope that the minister is not welcoming the excess in the inventory of unemployed, which under the present administration has reached records unequalled in this country since the hungry thirties.

At the present rate of unemployment the Minister of Finance will soon be called upon to supply additional funds to the Department of Labour to secure or replenish the unemployment insurance fund, which since this government took office has been depleted by over $504 million. At the present rate of decline the entire fund will be practically exhausted, wiped out, by March 31, 1962.

The sum of $383 million standing to the credit of the unemployment insurance fund as at March 31 is a figure to be concerned about. We are asking now, what does the government expect to do about this? Does it expect to save the situation by this discriminating position it has adopted toward the family employment or toward its unjust and unwarranted treatment in its determination of the insurability of relatives? Does it expect to save this fund by attempting to destroy this family relationship and family unity which is traditional among our French Canadian and French Acadian large families? Some of the recent decisions of the unemployment insurance commission in this regard are nothing else but unfortunate attempts to undermine this family unity and good understanding.

Very little was said in the present budget having to do with the records of the present administration. The records I have in mind are not the kind of records which one should be too proud of and which could draw the applause of hon. members opposite. A record debt increase of over $1 billion in two years is nothing to boast about on the part of a government who has committed itself to cut all unnecessary expenses and extravagances.

A record balance of payment trade deficit of $1,460 million in one year is other evidence of the failure to keep up with the Prime Minister's statement made at Brantford on February 17, 1958 when he said that the Conservative government's success in its trade promotion cannot be challenged. The 1959 record of the government shows success in reverse.

What about this other record where the government refuses to take any responsibility? Where is the mention in this budget about this crippling tight money and high interest rates? It is true that the minister has stated, as reported on page 2670, that in the financial sector 1959 was marked by some disturbances which, he says, subsided by the end of the year. What about interest rates on mortgage loans, which again have reached an all time high and have been crippling home construction in the last few months? It is true that the rate of interest of the Bank of Canada has declined somewhat. Does the government intend to take credit for that? If it does, are hon. gentlemen opposite going to take credit for the interest charged to municipalities or for interest rates charged on mortgages? When things are good, the government is responsible, but when things are going wrong, the government has nothing to do with it.

I would ask the minister: what is there for municipalities in this budget? The minister has ignored the plight of the municipalities in this country. I ask him, how can

he justify the statement he made at St. Hyacinthe on February 23, 1958, when he said:

> We have eased the burdens of the municipal governments by bringing about easier credit and lower interest rates?

How can the minister justify the statement he made at Montmagny on September 28, 1958 when he said that the provinces and municipalities in their financial operations will derive much benefits from the conversion operation? The facts are here to show how far from the truth the minister could be in his assertions. Was it not the Prime Minister who said in Saskatoon, on May 27, 1957:

> The Conservative government, if elected, would remove the crushing burden of municipal taxes.

Was it not the Prime Minister who said on May 20, 1957:

> The tight money policy has struck a death blow to small business. They are going into bankruptcy at the fastest rate since depression; and municipalities have their back to the wall, forced to borrow money in the United States at high interest rates.

I would ask the Prime Minister these questions: when have bankruptcy rates been higher than in the last two years? When have municipal interest rates been higher than in the last two years? When have municipal taxes been higher than in the last two years? When have interest rates on borrowings for home building been higher than at the present time? When, finally, has a federal government done so little and accomplished so little in facing a problem which, according to the Prime Minister's own admission, was stultifying every part, every section of Canada.

Moreover, what is there in this budget to provide for the $100 million additional requested by Premier Frost of Ontario, a sum which we know the Minister of Finance will be asked to produce at the July federal-provincial conference on fiscal matters? What is there in this budget to provide for additional assistance which will be requested by Premier Roblin of Manitoba, when he will insist that Ottawa change its stand toward the provinces.

What is there in this stand-pat budget for the Atlantic provinces? What is there to indicate any measure of relief for the people of the maritimes who need, not restrictions but more credit and monetary expansion? What is there in the present budget which could even lead to an incentive to accelerate business in that particular area and bring about speedier maximum use of its natural wealth, thereby raising the standard of prosperity in that part of Canada?

Have the Atlantic provinces been forgotten because someone has dared call this budget a "no-tax budget"? What a fallacy. How can one be so blind as not to realize that the Minister of Finance expects the present tax structure to yield $5,892 million, an increase of $591 million over and above the year before, and more than $1,120 million over and above the fiscal year 1958-59? In other words, the taxpayers of this country will be contributing to the federal treasury over $1 billion more than they were two years ago; over $3 million a day more than they were two years ago. Yet the present government, with all this extra cash at its disposal, cannot find one simple measure which could contribute to narrowing the gap which exists in the income of the people of the Atlantic provinces compared with those of other Canadians.

This, stand-pat, do-nothing budget offers absolutely nothing which could influence the establishment of secondary industries in the Atlantic provinces. The disability of the Atlantic provinces with regard to transportation remains as the main problem, the major obstruction which must be removed if our area is to share equally in the progress and prosperity which in the last decade or so have been so prevalent in other parts of the country. We have a right to know what this government intends to do about the various suggestions which we from time to time have offered in order to stimulate industry in the Atlantic provinces. What does the government intend to do about the idea of a capital grants program and the fiscal incentives which have been suggested both inside and outside this house for some time? Urgent consideration should be given to these proposals. Meanwhile, a solution to our transportation problems, or even the improvement of our transportation system could contribute to stimulating the growth of our secondary industry.

Might I call it six o'clock?

Mr. Fleming (Eglinton): May I ask when you would find it convenient, Mr. Speaker, to hear a submission with respect to the amendment? I think I am bound to take the view that it is not in order.

Mr. Speaker: I think that might be done at the conclusion of the speech of the hon. member who now has the floor. That would be shortly after eight o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Robichaud: When the house took recess at six o'clock I was referring to the numerous suggestions which had been made

from this side of the house to stimulate industry in the Atlantic provinces. I was saying that urgent consideration should be given to our proposals affecting the Atlantic provinces which, if implemented, would contribute to stimulating the growth of our secondary industry.

I deplore the fact that the present budget fails to recognize the plea of the Atlantic provinces. I deplore the fact also that when suggestions are made which could contribute toward raising the level of our economic activity, someone should come right out in the open and launch a controversy which has the effect of spilling cold water on the projects involved. Such controversial statements as have originated recently from Halifax, Charlottetown and Fredericton, involving the Chignecto canal and the Prince Edward Island causeway are most unwarranted and unworthy of anyone having at heart the task—and it should be a national task—of applying national policies for the common good and welfare of all Canadians.

Instead of amending the Excise Tax Act to remove sales tax on electric heating equipment to make it more competitive with maritime coal; instead of including the sales tax on materials used in the construction of ships over ten tons net registered tonnage, the minister could well have listened more favourably to the representations of the fisheries council of Canada on behalf of the fishing industry. The minor exemptions asked for by the fisheries council would have had very little effect on the over-all position of the present budget, but would have been of some assistance to the industry and to a large number of individual fishermen.

Not one single new measure has been introduced by the present government to help the fishing industry which is so vital to the economy of the maritimes. Canada cannot afford to allow the Atlantic fisheries to glide along as if it was to be abandoned to its own fate. There is an urgent need for a definite national plan and policy for the development of our Atlantic fisheries, and wide-scale government attention should be directed to the field of production. The present system of subsidies on the construction of vessels of the dragger and long-liner type is antiquated, outmoded and does not serve any more the purpose for which it was introduced.

Competition in the marketing of our fisheries products is getting keener and stiffer from year to year and this competition originates in countries which are exploiting our own fishing areas along our Atlantic coast. Our fishermen need protection to safeguard their rights and to maintain their source of production. Our fishing industry needs protection to compete favourably with European countries in the traditional markets, and more so when we know that these European nations are subsidizing their own fishing industry. I intend to say more on this aspect of the fishing industry when the estimates of the Department of Fisheries are before this house for discussion.

Notwithstanding the admission by the present government that this country is now out of the recession and experiencing a period of boom, no one can deny that the serious unemployment situation, which is more evident since this government took office than at any time in Canadian history, is causing grave concern and disquietude among the labour class of our country.

The 820,000 unemployed want an explanation from the Prime Minister. They want to hear more about his promise to take the necessary steps to ease unemployment in addition to his billion dollar public works plan. They want to remind the Prime Minister today of his pledge to every man and woman in this nation who is unemployed, "So long as I am Prime Minister no one will be allowed to suffer in this nation." Was he then the leader of the Conservative party attempting to stultify the people of Canada in making such statements, just as he is trying to fool them today in his "Nation's Business" television appearances?

The Minister of Finance should tell us why in this period of high unemployment approved and urgent public works projects have been shelved and put aside for future consideration. Is this policy in line with the Prime Minister's promise that:

> As long as I am Prime Minister, no man or woman is going to suffer from unemployment so long as public works will provide them the assistance they require.

Why delay—as is being done in my own constituency of Gloucester—the construction of public wharves which will provide facilities for fishermen, increase their production and supply additional shore help? Why cut down this year's public works projects by the amount of $31 million? In the harbour and engineering branch alone Nova Scotia is cut down by $2.5 million and New Brunswick by almost $3 million. The construction of a number of projects is economically justified. It would raise the economic level of many fishing communities and, as I have just said, it would increase production and provide additional shore help, thus cutting down on unemployment.

The population of Gloucester county learned with interest a few weeks ago that Brunswick Mining and Smelting Corporation

and Sogemines Limited have reached agreement in principle for bringing into production Brunswick's lead-zinc property in the Bathurst area. An initial operation of 2,000 tons of ore a day is good and welcome news for the people of New Brunswick and particularly for the population of Gloucester county. The unfortunate part of it is that those concentrates will be sold to a group of Belgian base metal smelters and again a primary product, a raw material, will be exported to be processed outside of this country. This is not what the people of New Brunswick expected when the mining discoveries of the Bathurst area made history in the mining world in 1952 and 1953. This is not what the Prime Minister promised at Campbellton, New Brunswick, as was referred to this afternoon by the hon. member for Kenora-Rainy River.

The least that could now be expected from the present government is the provision of adequate port facilities to allow shipments of the concentrates from the port of Bathurst at a distance of fewer than 20 miles from Brunswick's deposits. Such facilities would involve the construction of a spur line from the mine to Bathurst harbour, together with adequate loading accommodation and proper deep water channels to allow easy access for ocean-going ships. Such facilities must not be delayed indefinitely, and if Brunswick's mine is going to operate, as we are assured it is, the government should take the necessary steps now to provide proper planning in order to avoid any possible delay which could in any way jeopardize operation.

In concluding, Mr. Speaker, I want to assure the minister that the people of Canada are not being fooled by the additional medical expense deduction which he has offered. We all know that last year—

Mr. Speaker: Order. I am sorry to interrupt the hon. member but his time has expired.

Mr. Fleming (Eglinton): Mr. Speaker, may I tender you at this time my submission that the amendment introduced by the hon. member for Kenora-Rainy River (Mr. Benidickson) is not in order. An examination of the amendment itself will serve to emphasize the omnibus nature thereof. While it may be very inviting at times to tender omnibus amendments there are certain risks that are then taken, and in this particular case I think the hon. gentleman has taken risks that have the effect of making his amendment out of order.

May I draw your attention to the breadth of the subjects mentioned in the amendment.

> This house regrets that the financial policies of the government will produce a fourth consecutive over-all deficit in a year of "so-called prosperity", while at the same time offering no solution to the problem—

Here we have this succession of matters cited.

> —of rising prices, rising trade deficits, a continued high premium on the Canadian dollar, increased pressure on provinces and municipalities to borrow outside Canada, declining farm income, and high and rising unemployment.

There we have seven items mentioned. The rule, which I think is quite clear in this respect, is set forth in Beauchesne, fourth edition, page 126, citation 148. The first section reads as follows:

> It is a wholesome restraint upon members that they cannot revive a debate already concluded; and it would be little use in preventing the same question from being offered twice in the same session if, without being offered, its merits might be discussed again and again.

The second and third clauses of the citation serve to emphasize the strength of the rule, Mr. Speaker. I think it is the course of decision in the house that two principles have been firmly established in the interpretation of this rule. The first is that it is the substance and not the mere form of the motion, amendment or resolution to which the Speaker has regard in applying this rule. In the second place, if the motion, amendment or resolution offends this rule in part, then the entire motion, amendment or resolution is out of order.

In my submission, Mr. Speaker, while some of the matters enumerated in the omnibus amendment have not been decided by the house at the present session, there are at least several which have, and even one of these would be quite enough to make the amendment out of order having regard to this rule, for if it were possible to support an amendment because part of it had not previously been the subject of a decision of the house in the same session then it would be a simple matter to defeat the rule by simply adding matters which had not yet been the subject of decision.

May I recall to your mind the several decisions the house has made earlier in the present session in relation to some of the matters mentioned in the omnibus amendment. On January 18 the Leader of the Opposition (Mr. Pearson) introduced the following amendment on the address in reply to the speech from the throne. It is to be found on page 24 of *Votes and Proceedings*:

> This house is of the opinion that the failure of the government to develop and enunciate clear and consistent policies or to provide full and accurate information, is a major cause of the confusion and uncertainty that prevails about national defence, public finance, agriculture, markets, employment and in other important areas of governmental responsibility.

You will see, Mr. Speaker, that several of the matters mentioned in the omnibus amendment had already been introduced by way of an amendment that sought to condemn the government in the same sense as the present amendment seeks to condemn the government. The amendment to the amendment introduced on January 20 simply added certain words to that amendment. They are to be found at page 34 of the *Votes and Proceedings* of the session.

Then on February 22 an amendment was introduced on a motion to resolve the house into committee of supply. On this occasion the amendment was introduced by the same hon. gentleman, the hon. member for Kenora-Rainy River. It is to be found at page 182 of *Votes and Proceedings*. It sought to strike out certain words and to substitute the following:

This house is of the opinion that the government should give immediate consideration to the implementation of agricultural policies designed for the purpose of stabilizing the prices of agricultural commodities in order to assist the industry of agriculture to realize fair returns for its labour and investment, and to maintain a fair relationship between prices received by farmers and the costs of the goods and services that they buy, thus to provide farmers with a fair share of the national income.

The amendment to the amendment moved the same day by the hon. member for Kootenay West (Mr. Herridge) purported to add certain words to that. In all of these cases the house resolved the question in the negative.

Again on March 21, on a motion to resolve the house into committee of supply, the Leader of the Opposition introduced an amendment that was intended to strike out certain words and substitute the following:

This house expresses its grave concern at the deterioration in Canada's trading position as emphasized by an unfavourable balance of nearly $1.5 billion in Canada's total trade in 1959, and urges the government to deal with this serious problem by taking effective action, including the working out of proposals for the establishment on a gradual and progressive basis of an Atlantic free trade area.

On the same day an amendment to the amendment was introduced by the hon. member for Vancouver East (Mr. Winch) by which he sought to add certain words to the amendment in relation to trade contracts, export credit insurance, planned reduction of foreign investments in Canada so as to reduce the premium on our currency presently handicapping our export industry, greater economic aid to underdeveloped countries, and an expanded and intensified effort by the Department of Trade and Commerce to encourage orders for our goods in world markets.

Mr. Speaker: May I ask where that last one is found?

Mr. Fleming (Eglinton): This last one is also to be found on page 296 of the *Votes and Proceedings* of the present session. It was an amendment to the amendment introduced on March 21.

I think it is quite clear, Mr. Speaker, from a reference to these amendments, all of which were negatived in the house and therefore are the subject of firm decision by the house at the present session, that a number of the matters included in the omnibus condemnation of the government in the present amendment have already been the subject of decisions by the house at the present session.

I mentioned the matter of the recent trade deficit. That clearly was the subject of the amendment on March 21. The premium on the Canadian dollar was the subject matter in part of the subamendment of March 21. Declining farm income was exhaustively dealt with by the amendment of February 22. High and rising unemployment was the subject matter in part of the amendment of January 18. Therefore I think it is quite clear that the amendment does offend the rule.

I emphasize again that it is the substance of the matter that counts and not mere form. I presume that hon. gentlemen opposite will say that you do not find the matter spelled out in exactly the same words in these earlier amendments which were the subjects of decisions of the house at the session. That is not necessary. That is not the rule. The rule is not so confined. It is the substance of the matter that counts and the fact is that the house has dealt in substance on these various occasions with four of the matters that are included in this omnibus amendment that has been submitted to the house this afternoon.

If it were open to hon. members to introduce amendments of this kind there would be no finality whatever to any decision of the house in a session. It would be relatively simple for any hon. member by exercising just a little bit of ingenuity and merely by changing a phrase or two to invite the house to debate the same matter over and over again.

I think with great respect that this is a situation that has been brought about by the hon. member including too many subjects in the scope of the amendment by which he seeks to condemn government policy.

Mr. Speaker: Before the hon. member speaks may I indicate to him that I see a problem with respect to a couple of the items, as I perhaps indicated when the amendment

was first presented. Since then I happened to have been looking at the previous motions which have been decided by the house and I find that there is substance to what the Minister of Finance (Mr. Fleming) says. I am particularly concerned about two of the items enumerated in the second part of the amendment, that is rising trade deficits which were the subject of supply motion No. 3 and declining farm income which was the subject of supply motion No. 1. Of course, if these items have been dealt with the whole amendment would fall apart unless the hon. member were prepared to withdraw the defective items.

I just mention that before the hon. member replies to the minister so that he will have that possibility in mind. Those two were the items which appeared to me to perhaps have been dealt with, although there is something to be said too about the question of the premium on the Canadian dollar having been discussed but I think that subject has not been dealt with so fully as the other two.

Mr. Benidickson: Mr. Speaker, following your remarks, I think perhaps at this stage it is possible to confine one's attention to the two subjects where you yourself said you have some thought that there may be a duplication of debate that is contrary to our rules.

I too, of course, have reviewed each of the motions to which the Minister of Finance (Mr. Fleming) has referred. I would suggest to Your Honour that the minister is perfectly correct when he says it is not mere form but substance that we have here. I suggest to Your Honour that the substance of this amendment to the budget is contained in the opening phrase:

> This house regrets that the financial policies—

Those are the financial policies, of course, as presented to us by the minister in the resolution which he asked this house to adopt in adopting his budget and it is with respect to the financial policies as outlined in the budget that I suggest to Your Honour we should consider the matter of rising trade deficits. With respect to agriculture the phrase, as Your Honour has indicated, is "declining farm income".

May I first of all say just a word with respect to declining farm income. Irrespective of my point that each of these topics relates to the absence of an adequate policy in the budget I wish to suggest to Your Honour that with respect to declining farm income in particular I can see very little similarity between the phrasing we have before us in this amendment and the discussion on the supply motion of February 22. I think perhaps Your Honour will surely agree that both the amendment and the subamendment were designed so specifically that we were considering there the cost-price squeeze. We were, in the subamendment, dealing very specifically with what was particularly concerning the agricultural community at that time, namely the situation confronting the producers of hogs and eggs. I would say that the amendment which regrets that the financial policies as presented in this budget fail to deal with the question of declining farm income can scarcely be related to the supply motion of February 22.

With respect to the matter of rising trade deficits, the supply motion of March 21 did, of course, refer to a deterioration in balance of payments but surely the substance of this motion is that we have not in the budget proposals and policies that deal with these matters.

Your Honour has doubtless also reviewed the decision of Mr. Speaker Beaudoin on May 3, 1955 as recorded at page 3425 of *Hansard*. The then private hon. member for Greenwood (Mr. Macdonnell), as has been done today, moved an amendment to the budget. On May 3 after, indeed, we were ready to take a vote Mr. Speaker Beaudoin had this to say:

> Considering the fact that on the budget wide latitude is always given, and that the main reason the amendment could have been declared out of order was the fact that the amendments to the address in reply had covered a variety of subjects, I decided not to intervene.

I suggest that that is still valid. Our discussions of the items in this amendment relate to the absence of policies in the financial presentation of the budget itself and having reference to the substance of the amendment and not to some mere technicality of form they do not offend against the rule to which my hon. friend the Minister of Finance has referred.

Citation 330 to which the Minister of Finance has referred in Beauchesne's third edition at page 134—and this is on the other point—reads as follows:

> When a member hands a motion to the Speaker after having spoken in support of it, the Speaker may, before putting the question to the house, make such corrections as are necessary or advisable in order that it should conform with the usages of the house.

Mr. Herridge: Mr. Speaker, I listened with interest to the point of order raised by the Minister of Finance (Mr. Fleming) and to your remarks. Members of this group are convinced that on two or three points there is some lapse on the part of the mover of the

amendment for the official opposition under the rules of the house. This is a surprising matter in view of their having had the opportunity of securing constitutional, legal and procedural advice and in view of the great experience of the hon. member for Bonavista-Twillingate (Mr. Pickersgill).

Speaking on behalf of the hon. members behind me may I say this. Should you find the amendment out of order, in view of this rather incredible error on the part of the official opposition I think that the knowledge of the rules displayed by the C.C.F. should be rewarded by your giving consideration to our subamendment then becoming the amendment.

Mr. Speaker: I appreciate what has been said to assist in dealing with this matter in order to assure that we observe the rules and practices of the house. In addition to the references given to me on both sides, I refer to Beauchesne's fourth edition, citation 234 which reads in part as follows:

234. The ancient doctrine that the redress of grievances should be considered before the grant of supplies is maintained in the House of Commons of Canada

(1) Whenever an order of the day has been read for the house to resolve itself into the committee of supply or the committee of ways and means—

That is what we are doing now.

—the motion "That the Speaker do now leave the Chair" must be proposed, except on Wednesdays, Thursdays and Fridays as provided by standing orders 56 and 58. When such motion is proposed, it shall be permissible to discuss any public matter within the powers of the federal parliament or to ask for the redress of any grievance; provided that the discussion shall not relate to any decision of the house during the current session, nor to any item of the estimates, nor to any resolution to be proposed to the committee of ways and means, nor to any matter placed on or whereof notice has been given in the order paper.

These four categories which are mentioned are excluded in order to avoid duplication of debate and waste of the time of the house in repeating a debate. It is true that we have dealt specifically, in the first and third supply amendments, with two of these matters. To say that they may now be discussed again in their aspects as subjects of financial policy, which is only one aspect of any problem, would be to permit the house to revive debates of which it has already disposed.

I had practically come to the conclusion before returning the house—and I am reinforced in it by the argument made by the minister and by what has been said elsewhere—that at least two of these items should be removed. In accordance with the authority of the Chair, as mentioned by the hon member for Kenora-Rainy River (Mr. Benidickson), I think I might direct that two of the specified items be deleted from the resolution, namely rising trade deficits and declining farm income. Those are two specific items among the seven. I am in some doubt about another one, namely the high premium on the Canadian dollar. However, in view of the broad range of this debate, in any event, and the fact that the former motion on that item was somewhat limited, I think justice would be done and that the time of the house would be saved by avoiding unnecessary debate or duplication of debate if those two items were removed. Perhaps the hon. member who moved the motion would concur in the deletion of those two items.

Mr. Fleming (Eglinton): May I be heard on that point, Mr. Speaker? With great respect may I say this. I do not think the rule read by the hon. member concerning the correction of mistakes applies to a matter which vitiates an entire amendment of this kind. With great respect, I submit that power applies only to the correction of mistakes in minor matters such as clerical errors and that sort of thing. With great respect I submit that it does not apply in order to cure in an amendment a clear defect that makes it out of order. If this amendment is out of order in part under the provisions of the rule which I read then it is clearly out of order in its entirety. I therefore submit with great respect, Mr. Speaker, that the power to correct mistakes has no application here. I submit that the proper course is that the amendment be ruled out of order and that it be left to whoever chooses to do so to bring in an amendment that is in keeping with the rules of the house.

Mr. Pickersgill: I wonder whether I could say a word on the point which has just been raised by the Minister of Finance. I am sure Your Honour will recall previous occasions when, with the leave of the house and in circumstances of this kind, precisely the course that Your Honour has now suggested was taken by the house. My friend the hon. member for Kenora-Rainy River has indicated to me that he would be quite agreeable to the course that has been suggested.

However, if I might be permitted just to make this observation with the greatest possible respect, we feel that it would surely never be intended that in a budget debate, notwithstanding the fact that there had been a motion on a related topic, it would not be competent for either side of the house to discuss trade deficits and that it would not be competent for the house to discuss the declining farm income, both of which were discussed by the Minister of Finance himself in his budget speech. It seemed to us that anything that was debatable on the budget, so

long as our motion dealt entirely and exclusively with the minister's statement—as we believe this one does; it refers to financial policy—it would be in order. Perhaps we should have said "as set out in the budget speech", but it says that the statement the minister made the other day offers no solution to these problems. Since that statement was made only subsequent to the decision of the house on these other matters, it seemed to us that there was in fact no duplication.

Mr. Argue: The Minister of Finance has taken objection to Your Honour's following the procedure of directing that the defects in the amendment be corrected. He has done so on the ground that the citation to which reference has been made had to do only with minor defects such as typographical errors et cetera. I think what we need at this time is a little bit of common sense applied to our proceedings. If the Minister of Finance objects and if Your Honour agrees with the minister's objections, I believe the hon. member for Kenora-Rainy River would be quite willing to agree to the motion being amended in the way it has been suggested. On many occasions in the past, over a period of many years, when an amendment has been brought in which in general was in order but some parts of which, in the opinion of the Speaker of the day, were in error, those errors have been corrected at the time on the suggestion of the Speaker.

I should also like to make a further point which is a practical one. Since the official opposition has the right to bring in an amendment, a want of confidence motion and since we in this group have the same right or, if it is our only opportunity or alternative, to bring in a subamendment, I think we might just as well have the amendment settled now as wait until some other hon. member of the official opposition speaks and brings it in at that time.

Mr. Robichaud: As seconder of the motion, Mr. Speaker, may I be allowed to make a few observations?

Mr. Speaker: I can assure the hon. member that it is unnecessary for him to do so in view of the course which I propose to take. This matter, of course, is a point of order which arose when the motion was made. If I had dealt with it then and if I had disposed of it at that time, it would have been open to the hon. member who had the floor to concur in the suggestion for an alteration, which I have now made at this rather later date instead of then in view of my having made the reservation at the time the motion was just presented. Particularly as the hon. member who moved the motion and the seconder of it concur in the deletion of two of the seven items, which items I think might be taken as illustrative of the criticism of the financial policies but which nevertheless open the door for debates we have had, I feel that the proper course now is to direct that they be deleted from the amendment and that it stand with that change. It does not affect, then, the subamendment. I am not sure whether the Minister of Finance has any comment to make on the amendment to the amendment which was also reserved, if I am not mistaken, at the time.

Mr. Fleming (Eglinton): Mr. Speaker, do I take it from your ruling that you claim the power to do that, in the absence of consent in this matter? I wish to make it quite clear that there is no consent, and I submit with great respect that in a situation of this kind the Chair has no power to make an amendment or to direct an amendment even if there is consent on the part of the mover and seconder. We have here an amendment which is out of order in part, and under the rules, therefore, it is quite clear it is out of order in its entirety.

With very great respect there cannot be on the part of the Chair any curing of the error in the amendment, the vice which makes it out of order. With great respect, the only course open to the Chair is to rule the amendment out of order. As I said before, the power to cure mistakes is not a power that authorizes the Chair to cure defects, defects which of themselves are so serious as to make an amendment out of order. This is not a matter at all of correcting a word here or a word there which is obviously a mistake. This is something which goes to the very root and substance of this amendment.

Mr. Speaker: I appreciate the force of what the minister says and undoubtedly it is true that, without the consent of the house, a motion which has been put and which is in possession of the house cannot very well be changed. But I take the view that this matter is not in the possession of the house because I reserved it when it was moved, and I now direct before it is put that it be amended and that those deletions be made in the motion.

Mr. Fleming (Eglinton): Mr. Speaker, on that point, the amendment surely is in the

possession of the house. Once an amendment is introduced and read and then handed to the Chair, surely at that point, it being in possession of the house, it is not possible to deal with it in an ex parte manner. It is an amendment which belongs to the house, and being out of order there is no power to cure a defect in it which is as basic as the defect in this amendment.

Mr. Pickersgill: Mr. Speaker, if I might be permitted, I might say that you have made a ruling and we respect it.

Mr. Speaker: It is true I have expressed my view, but I do not want to force my views upon the house unless they commend themselves fully to the house. With respect to the last statement of the minister, I may be mistaken about my authority in this matter, but as I see it this motion was not in the possession of the house because when I read it I said I had doubts about some of these items on the very ground which the minister has taken and that I would reserve them and deal with them before the motion was formally put. The motion being in that state, I think it can be distinguished from one where the unanimous consent of the house would be necessary. Furthermore, the proposed course commends itself to me as one which will further the general interests of the debate. Accordingly I make that amendment with the concurrence of the mover and seconder, and I now put the motion before the house in its amended form.

Before proceeding, the amendment to the amendment was also dealt with in the same way by the Chair at the time, and if any hon. member wishes to say anything about the subamendment this would be the appropriate time. Otherwise I will consider it as having been disposed of at this time as well.

Mr. Nowlan: Mr. Speaker, will you clarify one point of the ruling you have made. When does an amendment come into the possession of the house? You say that you reserved judgment on the amendment, so when does it come into the possession of the house? Is it just before a division or when is it?

Mr. Pickersgill: I wonder if I might be permitted a word on that point. I listened very carefully to what Your Honour said when my hon. friend from Kenora-Rainy River made his motion, and I understood Your Honour to say that you were reserving the motion and not putting it. If you had not taken that position and had questioned anything in it I or one of my colleagues would have risen at once and asked for permission to argue the question right there and then. It seems to me that that makes it perfectly clear that we accepted in good faith what Your Honour obviously did in good faith; that is to say, reserved the motion.

Mr. Nowlan: One other question of the hon. member, if I may. On what have hon. members been speaking since we reserved this matter? On the main motion or the amendment?

Some hon. Members: On the main motion.

(Translation):

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, it has been said of the budget speech made Thursday night by the Minister of Finance (Mr. Fleming) that it was a do-nothing, stand-pat budget. It was a neat way of saying that, on Thursday, March 31, 1960, Canada was in the position of a hard-pressed debtor offering its creditors a legal settlement and a moratorium.

During the last three years, the national debt has increased by more than a billion dollars. The unemployment insurance fund has decreased by more that $500 million. To finance its deficits, the government has drawn upon the savings of the people and in order to make its loans more attractive, it has raised the interest to such a point that the savings in our banks, which were used for the development of industry, of business and by the general public, are exhausted through the government's deficits. In this budget, there is no decrease in expenditures and the taxes which had been increased last year remain at the same level, while the rickety surplus expected for 1960-61 is based not only on a hope, but also on the theory that the national product will increase by 6 per cent in the next 12 months.

This budget was evidently devised by a government which as a result of its shortcomings and of its monetary and fiscal errors, has been placed at the mercy of financiers. This budget speech which the Minister of Finance read Thursday night for the public at large is as cold as a tombstone. It lacks humanity and, for the hundreds of thousands of Canadian families affected by unemployment, it is cruel and inhuman.

In fact there is not even the slightest reference in it to the most important domestic problem in Canada today, unemployment, as if the problem did not exist. To the provinces, which bear a substantial part of the consequences of the government's monetary and fiscal failure, the budget offers nothing that they did not have last year. They will have to fend for themselves. The municipalities which were recently claimed to be heavily in debt, whose taxes on real estate are at their highest level, will have to solve their problems alone; and next winter, I am sure, the Minister of Labour (Mr. Starr) will again ask them to bear the same costs of the winter works program. The government trusts to Providence to take care of the 827,000 unemployed.

If I refer to page 2670 of *Hansard* of March 31, I find that the only consolation offered to the unemployed are these few lines, dedicated to them, in the tone of a prayer at the end of a sermon.

I am confident—

—said the Minister of Finance—

—however, that employment will rise as the coming of spring opens up new job opportunities and as the economy continues its upward trend.

That sentence, coming at a time when there are more than 827,000 unemployed in Canada, confirms what we already knew, that this government, in its stubbornness, continues to consider unemployment as seasonal and does not care a rap about it. From that angle, the budget of last Thursday evening is an insult to the unemployed of this country.

In the course of my remarks, I intend to make a brief outline of the unemployment problem and of the hypocritical attitude of the Conservative government towards it. But, before going any further, let us glance at the statistics of previous years, under the Liberal regime.

As recorded on page 1654 of *Hansard*, the hon. member for Laurier (Mr. Chevrier) gave a complete statistical table of unemployment in Canada from 1946 to 1959. His conclusions were as follows:

If that table is carefully examined, it will be seen that from the period 1946 to 1956—10 years—the average annual percentage of the labour force without jobs in Canada was 2.8 per cent.

As everyone knows—

The experts in the field say that 3 per cent of the labour force without jobs is the equivalent of full employment.

Well, that magnificent result is not accidental. The Liberals did not trust to spring, as did the Minister of Finance, to provide jobs for our labour force.

[Mr. Deschatelets.]

In 1945, to ease the change from a wartime to a peacetime economy, the Right Hon. C. D. Howe, then minister of reconstruction and supply, tabled in the house what we call a white paper, outlining an eight point concrete program concerning income and employment in Canada for a given period.

If such a program was necessary, at the time, how much more would it be today, when unemployment has reached its highest level since the Conservative depression of 1930-1935?

On March 10, 1960, in fact, the latest figures we had at our disposal showed, according to the national employment service, that 827,512 persons looking for jobs were registered in our offices, and according to the dominion bureau of statistics, there were 555,000 unemployed.

According to the information I gathered, 620,000 persons would now be getting unemployment insurance benefits, after having registered at the end of January 1960.

After personal investigation and research, I am able to say that at present about a third of the above-mentioned unemployed are not registered in our unemployment insurance offices, which would add 200,000 more unemployed to the first group.

If we consider that most unemployed have dependents, it is safe to say that at this very moment, over a million Canadian citizens are suffering from unemployment in Canada. Over a million Canadians are undernourished, over a million Canadians cannot get the drugs they need to restore their health, and thousands of young people, boys and girls, are unable to go on to college because their father, the head of the family, cannot afford to pay for their tuition.

Generally speaking, these people do not share in Canada's high standard of living, which we all like to boast about. Every day, as hon. members may read in their papers, youths of 17, 18 and 20 tell magistrates that they have robbed because they were unemployed and could not find a job.

In other words, unemployment is not only an economic matter, it is also a social problem. Through the fault of the government, we condone the fact that, in our midst, an imposing group of fellow-citizens are undernourished, that women and children are forgotten, neglected, rejected and deceived by the Conservative party, whose members were

mainly elected because of a formal and solemn promise of the present Prime Minister (Mr. Diefenbaker), to the effect that, as long as he would be Prime Minister, nobody in Canada would suffer unemployment, whether there be a deficit or not.

Now, on the evening of March 31, it was time to carry out that promise, but the unemployed were in fact forgotten, and this government, and more particularly the Minister of Finance, preferred financiers to the unemployed.

Now, let us look at the Conservative record with regard to the unemployment question. First of all, there is the Prime Minister's responsibility. After promising so much, he became silent and as the unemployment figures rose from month to month, he became more and more silent.

In the speech from the throne, the Prime Minister and his cabinet undertook on January 15 to give a seasonal character to unemployment, whereas there were at the time at least 700,000 people without jobs.

In early March 1960, we discussed the unemployment question, for eight days, on an item providing for winter works. If I am not mistaken, the Prime Minister did not in that instance come down from his ivory tower. He remained silent.

In the face of growing unemployment, we submitted on March 1, 1960, as shown on page 1578 of *Hansard*, an amendment recommending "That the problem of unemployment be recommitted to the standing committee on industrial relations".

As soon as the amendment was moved, the Minister of Justice (Mr. Fulton) jumped to his feet with the fourth edition of Beauchesne in his hands, trying to discover fine points of procedure by which the amendment could be rejected.

Following rejection of the amendment, the Leader of the Opposition (Mr. Pearson) rose to direct a very plain question to the Prime Minister. May I quote from page 1582 of *Hansard* the conclusion of the question put by the Leader of the Opposition:

—I ask the Prime Minister whether he will not forget technicalities and ask the house to give unanimous consent in order that this matter may be debated as a question of urgency by this particular committee.

And here is what the Prime Minister replied, as recorded on page 1582 of *Hansard*:

I do not really know what the hon. gentlemen means when he says this matter should be debated as a matter of urgency.

Mr. Speaker, this was on March 1, 1960, and the Prime Minister ended his reply as follows:

—if in that time they have not been able to produce anything, I see no benefit in the suggestion which is now put forward.

And now, perhaps we could put a few questions to the Prime Minister. What is he doing and what has he done about his election promise? Why has he refused to take part even once in the only debate we have had on unemployment in the course of this session? Why did he, on March 31 last, sell Canada's unemployed down the river. And why has he made no provisions for them in the budget, as he had promised to do?

Why did the Prime Minister refuse, on March 1 last, to refer the matter of unemployment to the industrial relations committee?

On February 15, 1954, the Prime Minister, who was then the private member for Prince Albert, made this statement, as recorded on page 2102 of *Hansard*:

A committee set up to study and report on unemployment would hear evidence of those who are warning this government and the country of the need for action now.

At that time, in 1954, we had only half as many unemployed as we have today.

Mr. Speaker, I leave it to Canada's people to draw the obvious conclusions. I do suggest, however, that after that solemn pledge made in March 1958, the arrogant and unyielding attitude of the government towards the unemployed is one of the most revolting about-faces ever recorded in Canada's political history.

Let us now turn to the responsibility of the Minister of Labour. I should like to recall two statements he made on unemployment, the first one on March 3, 1955, when he was sitting in the opposition. I quote from page 1693 of *Hansard*:

I think we are wasting time by quoting figures. What is needed is some drastic action on the part of the government rather than the quoting of any figures.

During the period of time that this unemployment situation has gradually increased, no visible effort has been made by the government to alleviate the condition or to provide safeguards against its increase. Consequently we find ourselves with unemployment on a scale of national emergency—

Mr. Speaker, I would remind hon. members who are now listening to me that the unemployment statistics were much less serious in 1955 than they are now. Now, if in 1955 the present Minister of Labour believed that it was a case of national emergency,

why, today, does he remain in agreement with a government that refers to seasonal unemployment, when the present unemployment problem is not only more serious than in 1955, but the most serious we ever had since the years 1930-35.

On March 3, 1955, as recorded on page 1694 of *Hansard* of that date, the present Minister of Labour also made this other suggestion:

It is obvious therefore that a conference on this particular subject should be called in order to arrive at some conclusive plan to deal with this serious problem.

Mr. Speaker, I now ask this question to the Minister of Labour. If he thought that a federal-provincial conference was needed in 1955 to deal with unemployment, does he not think that such a conference should have been called at the very beginning of last winter?

According to *Hansard* for February 15, 1957, the Conservative party, which used to sit in the opposition, moved that the whole question of unemployment be referred to the industrial relations committee, and the present Minister of Labour then favoured that suggestion. How can he explain now that, on Thursday February 25, 1960, the members of the Conservative party on the industrial relations committee rejected a motion from the hon. member for Essex East (Mr. Martin) for a full study of the unemployment situation? Those are facts no one can deny—

(Text):

Mr. Speaker: Order. It seems to me the hon. member is reflecting on a decision of a committee of the house. He is not within his rights in taking a course of that kind. He must assume that the house acted properly and if it made a decision it is not open to him now to criticize it.

Mr. Deschatelets: I was of course referring to what had taken place in the committee. At any rate, Mr. Speaker, I think your point is well taken and I might now pursue my remarks from another line.

(Translation):

Mr. Speaker, those are facts that cannot be denied, which clearly point to the inconsistency, confusion and irresponsibility of our Conservative friends.

The only remedial measure introduced by the Minister of Labour was the resolution concerning the winter works program which, at the time, we rightfully called a peanuts program. The latest statistics issued in March concerning unemployment are the most significant proof that those incidental works were unsatisfactory and ridiculous, both in planning and scope.

We now come to the responsibility of the Minister of Finance (Mr. Fleming) in that question of unemployment, but before proceeding any further, I should like to quote from only two editorials, the first of which was published in *La Presse* of Friday, April 1, 1960, which reads as follows:

Out of that no-change budget, a few outstanding facts emerge: Mr. Fleming is apparently unaware that there is unemployment in Canada—

Now, Mr. Speaker, turning to the Montreal *Gazette* for April 4, 1960, I should like to quote from an article under the heading—

(Text):

Budget's Challenge Not Recognized.

The budget would have given finance minister Fleming the opportunity to give direction to the economy had he recognized there was a need for direction. In standing pat on tax levels, he also stood pat on the tired assumptions that everything will come out right in the end. That posture is not one which can much longer be afforded.

Mr. Fleming's attitude toward unemployment is an instance.

(Translation):

Mr. Speaker, during his budget speech on Thursday last, as reported on page 2671 of *Hansard*, the Minister of Finance mentioned that the number of people holding a job was on the increase. I ask him now why he did not then mention the number of unemployed, according to the statistics provided by our two official sources.

He stated that more men are now at work in Canada than at the same time last year. I might ask him to except the province of Quebec where there are now less men working than last year.

The Minister of Finance devoted 16 lines of his extensive speech to unemployment and employment, he made no mention at all of the present unemployment situation, nor did he suggest any remedy, any plan, any measure likely to check it.

This year's budget does not grant one cent to the unemployed. The Minister of Finance stands out as a dealer in false hopes. He thinks that Canada's No. 1 problem has been solved when he says: "I am confident that spring will bring new opportunities." What a cruel disappointment this is for all the unemployed in this country and their families.

The deception is all the more cruel for the population of Quebec, considering that, on February 18, 1960, there were 259,885 people looking for jobs in that province, or 19,500 more than the previous month. At the

present time 100,000 unemployed are receiving unemployment insurance benefits in that province. Almost one third of the total number of unemployed in this country are in Quebec.

And the Prime Minister is still silent, the Minister of Labour has adopted a do-nothing attitude, while the Minister of Finance is hoping that spring will bring a solution to the problem.

When we think of this budget speech which ignores the problem of unemployment across the country and, consequently, in the province of Quebec; when we think that that budget speech was received with loud applause by all the Conservative members, including those from the province of Quebec, I say, Mr. Speaker, that I would hate to be in the boots of my hon. friends when the time comes for them to go to the people of the province of Quebec who will call upon them to account for their actions and their solemn promises.

An hon. Member: Not in your boots either.

Mr. Deschatelets: Did anybody want to ask a question?

Mr. Speaker, while our hon. friends opposite are sleeping, we have tried, week after week, perhaps day after day in this session, to wake them up. We have told them that this problem was becoming more and more important, and nothing was done. And now, we have an unemployment figure which really reaches the proportions of a national emergency. I say to my hon. friends that if nothing is done right away to find some solution, we shall sacrifice a whole generation of our young people. All the vital forces in this nation should be mustered in an attempt to solve this problem.

Everybody knows, that, if today we were faced not even with war but the threat of war, if we had to face some fearsome situation, if within a year, or a few months, there arose the danger of a conflict, we would immediately find enough money to start our plants and mobilize all our resources. Well, if we do nothing, we shall face a serious situation which the Canadian people will find difficult to understand.

Mr. Speaker, I have proved that the Conservative party failed to consider our unemployed and deceived them by not fulfilling their promises. I proved that the Prime Minister, the Minister of Finance, and the Minister of Labour did not submit anything constructive to deal with unemployment. I proved that the hon. member for Essex East on behalf of the Liberal party advanced ten suggestions, which the Minister of Labour put aside without even considering them. I also proved that the hon. member for Laurier (Mr. Chevrier) put on the record 25 suggestions on ways to remedy those conditions.

We moved an amendment asking for a complete study of unemployment by the industrial relations committee, where we might have heard economists and experts, and received some advice. But the Prime Minister refused, and yet, some valuable suggestions would have been submitted to the government.

The Prime Minister, the Minister of Labour, the Minister of Finance, the whole cabinet and all the private members, in a word, all of them, have been hiding their heads in the sand like so many ostriches to avoid facing the problem.

In the speech from the throne, unemployment was described as being of a seasonal nature; in his budget speech, the Minister of Finance also referred to it as being of a seasonal nature.

Well, we have done all we could to try to awaken our hon. friends. Apparently, we have not been successful.

In closing, may I repeat the words spoken by the hon. member for Laurier, at the end of one of his speeches on the unemployment situation, and say to the Conservative government: "Face your responsibilities, honour your election promises, or resign."

(Text):

Mr. J. A. McBain (Elgin): Mr. Speaker, may my first words be to compliment the Minister of Finance (Mr. Fleming) upon the outstanding budget he produced last Thursday evening. To me it was very reassuring, as I know it must have been to many Canadians, to know that the minister was able to bring down a balanced budget optimistic enough for a small surplus without creating any major tax changes. I should like to commend the minister for making a considerable number of tariff changes, especially those pertaining to cottons as our cotton industry has long been suffering from importations from low wage countries.

This is a budget that seems to be accepted by the opposition parties very reluctantly, for so far they have found very little in it to criticize. The hon. member for Kenora-Rainy River (Mr. Benidickson) the other evening and again this afternoon in his feeble attempt to criticize the budget mentioned that the government had a record expenditure, record taxation and record unemployment. I am sure he must have been ashamed of his colleagues when they apparently gloated and applauded as loudly as they did the other evening when he mentioned the high unemployment in this country.

After listening to the last two speakers I wonder whether we are now debating the budget or are we back on the unemployment debate that we had some weeks ago? Commenting on this budget there was an editorial which appeared in the St. Thomas *Times-Journal* on Saturday last, April 2, which expresses the thoughts and feelings of a very large number of people across the length and breadth of Canada. The editorial is entitled "A Balanced Budget" and I now wish to quote from it. It begins with these words:

> Blessed are they that expect not for they shall not be disappointed.
>
> That probably represents the feelings of the people of Canada in regard to the budget brought down in the House of Commons Thursday night. Reports emanating from Ottawa throughout the past financial year have indicated that although the national economy was improving, no tax concessions could be expected. If hopes are to be entertained for next year much may depend on what happens at Geneva or some other city in regard to disarmament, nuclear agreements and the pacifist attitude in general, for the military part of the budget takes up one third of the expenditure.
>
> However, the country is in a prosperous condition. The general output of production increased and continues to increase, but our prosperity is not sufficient to justify a tax reduction that would really be felt. There are hopes for next March.
>
> The most interesting part of the budget is that the textile industry is to receive increased tariff protection against imported fabrics, and that the tariff board will examine the tariff structure on engineering and architects' plans, nails, china and glass imported for decoration, and mining and petroleum machinery.
>
> The textile industry has been crying out for a long time; way back into the St. Laurent administrations, but then they mostly cried in vain. Factories have been shut or put on short time and textiles have probably contributed more to unemployment than any other business.
>
> On the whole, not a bad budget under the circumstances.

I think that editorial speaks for most of the people in Canada.

I wish now to discuss some problems that are relevant to southern and southwestern Ontario and portions of Quebec. I wish to refer to the tobacco industry from the production standpoint to the manufacturing process. My remarks will have reference mainly to flue-cured tobacco.

The production of flue-cured tobacco and its processing into a consumer product is an industry on which a great majority of the people in the tobacco growing districts depend for their livelihood. It is also the main support of numerous local industries and services which manufacture, sell or service materials and machines for the tobacco industry. Merchants, garages, service stations, banks, legal firms, insurance and real estate companies and other businesses have gained much from the tobacco industry. It is also the largest customer of the companion branches of agriculture in these same districts. The tobacco industry may also be found to be the largest single source of tax revenue, if not in the country at least in many municipalities.

Tobacco is the hub of a great wheel of local industry which finds its earnings rising and falling according to the state of the tobacco industry. The general overhead for an Ontario flue-cured tobacco farm exceeds that of almost any other agricultural commodity. At the present time the province of Ontario has approximately 4,500 qualified farms growing flue-cured tobacco in 16 counties. The estimated capital invested in these farms approaches $300 million or an average of between $65,000 and $70,000 per farm. The farm buildings and equipment required to cultivate and cure tobacco cost upward of $40,000 depending on the size of the unit.

The outstanding cost in producing tobacco is the annual labour account. To harvest and prepare this annual crop for market requires up to 60,000 persons and their earnings paid by farmers amount to approximately $45 million. Much of this money is borrowed from the banks at fairly high interest rates. When you take into account the interest on the capital invested, the maintenance and depreciation on farm buildings and equipment together with the high labour costs and the money which farmers borrow annually from the banks, this makes tobacco one of the most costly agricultural crops to produce. An average production cost per acre under present conditions would be $650. This cost is dependent upon the producer being permitted to market his full basic acreage production. Practically all the tobacco farms are equipped to operate to full capacity and when they have to drop back to anything less their production costs per acre increase.

The amount of tobacco marketed each year in Ontario is set by the Ontario flue-cured tobacco growers marketing board before the beginning of the planting season and many factors have to be considered before acreage quotas are determined. The chief factor is not to set quotas at a level that would produce a serious surplus thus depressing prices to a point where producers could not repay their loans made from the banks to grow their crops. At the same time the board must take into consideration the dangers of producing too small a crop resulting in a great demand and a high price and loss of export trade.

The Ontario flue-cured tobacco marketing board is one agricultural marketing association that deserves a great deal of credit because besides negotiating with the buyers to establish a price they also maintain strict controls over their acreage production. In the year 1958 production was very high with a yield of

173,213,818 pounds of tobacco returning an average price of 47.57 cents per pound which brought to the producers $82,394,702.

To market this large 1958 crop the marketing board experienced serious difficulties so that the base acreage for 1959 was reduced by 25 per cent. This the board estimated would yield from 145 million to 150 million pounds. When the sale of the 1959 crop wound up on March 11, 145,220,668 pounds were sold bringing to the producers a gross return of $81,525,841 at an average price of 56.25 cents per pound. This indicates how closely the output was estimated. Despite this extra large return the gross return was some $750,000 less than for the large 1958 crop.

Although this agricultural product is restricted to areas where it can be grown the federal treasury collects more tax in proportion from tobacco than from any other product manufactured. At present a package of 20 cigarettes has a tax of 20 cents or one cent per cigarette; in other words, 209 per cent of the manufacturer's selling price. In Canada the average per capita cigarette consumption per annum is 1,949. For taxation purposes this means a revenue of $19.49 per person. For a family using two packages a day under our present tax they would pay $146 per year. Breaking this taxation down further, I might say that the treasury collects an estimated $3,200 from every acre of tobacco grown. Since the 1940 budget the excise tariff on cigarettes has been computed by the weight of two and a half pounds of tobacco per thousand cigarettes. This weight includes paper, paste and filter tip if it is a filter tip cigarette that is under consideration. As producers wish to see the demand for tobacco increase they have therefore requested the government to revert to the pre-war position, when three pounds of tobacco was the amount allowed per thousand cigarettes. I hope this request will be granted by the Minister of Finance.

I wonder whether I could have the consent of the house to place in *Hansard* as part of the text of my speech a table showing the total federal excise taxes paid by the consumers of manufactured tobacco products compared with other representative commodities.

Mr. Speaker: Will the hon. member state the source of his table?

Mr. McBain: It is from the brief presented by the flue-cured tobacco growers.

Mr. Speaker: Has the hon. member leave to insert this table at this point in his address?

Some hon. Members: Agreed.

Mr. Pickersgill: What did the hon. gentleman say the table was about?

Mr. McBain: This table shows federal excise taxes paid by the consumers of manufactured tobacco products compared with other representative commodities.

[*Editor's note: The table referred to is as follows:*]

TOTAL FEDERAL EXCISE TAXES (EXCLUDING SALES TAX)* PAID BY THE CONSUMER OF MANUFACTURED TOBACCO PRODUCTS COMPARED WITH OTHER REPRESENTATIVE COMMODITIES

(millions of dollars)

Fiscal Year	Autos.	Beer	Spirits	Radios, T.V.'s., etc.	Chocolates, confectionery, etc.	Tires and tubes	All others	Total (excluding tobacco products)	Manufactured tobacco products	
									Amount	As a ratio to total (excluding tobacco products)
1950–51	51.2	68.2	60.1	5.4	17.1	8.6	43.8	254.4	198.3	78
1952–52	77.9	77.6	45.9	7.9	30.0	11.7	57.3	308.3	205.1	67
1952–53	68.2	85.9	48.6	10.1	23.6	10.6	45.2	292.2	217.2	74
1953–54	82.1	83.5	69.2	15.9	23.4	10.4	30.2	314.7	207.6	66
1954–55	63.2	73.8	72.2	20.5	17.2	8.1	15.2	270.2	213.1	79
1955–56	62.5	80.7	77.5	21.6	17.0	.8	14.6	274.7	235.2	86
1956–57	69.3	83.1	86.2	17.8	17.9	—	15.9	290.2	251.5	87
1957–58	62.1	88.2	89.9	15.5	1.3	—	15.6	272.6	272.3	100
1958–59[1]	60.4	90.4	90.4	17.5	—	—	3.8	262.5	293.9	112

[1] Estimated for final quarter of fiscal year.

* Comprised of Excise Tax and Excise Duty applicable to Domestic Products.

79951-0—184

I have not placed these figures on the record to be critical of the Minister of Finance for not reducing the tax on tobacco in his present budget. But now that he has been able to balance the budget with a surplus I am sure we shall be expecting him to be in a position to reduce the tax in his next budget. I therefore expect him to give consideration to a considerable reduction of the tax on tobacco in his budget next year.

In 1957 when this government came into office, the sugar beet industry and growers were gradually being forced out of business and production. The Liberal government would always say no to a support price on sugar beets, and without a support price and import controls sugar beet acreage in Ontario had dropped from a high of 40,000 acres to 14,000 acres and one sugar beet processing plant was forced to close.

After the change of government in 1957, the present Prime Minister (Mr. Diefenbaker) and his cabinet listened with an open ear to the producers' problems and eventually established a floor price under sugar beets. Since this floor price was implemented the acreage has increased from the low of 14,000 acres, in a two-year period, to 35,000 acres in 1959.

As Canada produces less than 25 per cent of her sugar requirements it appears to me to be a great opportunity to have this agricultural production of beets expanded not only in Ontario but in western Canada as well. I would suggest the government should consider the implementation of a long range sugar policy for Canada. At the present time I am informed that the price of Cuban refined sugar in Cuba is from $2.80 to $2.85 per hundred pounds. As the government of Cuba has a monopoly on sugar and as a result of its present instability I can foresee Cuba endeavouring to dump into Canada refined sugar at a price below the cost of production. If this should happen it would spell ruin for the sugar refinery in Toronto and the beet plants at Chatham and Wallaceburg.

If a long range policy could be brought into effect so that the producers would know where they are going I am sure it would be possible to increase acreage up to a possible 50,000 or 60,000 acres. It would take out of production acres that are now producing crops that at times create a surplus. It would also keep in circulation the $20 million that is now spent for growing, harvesting and processing the sugar beets. It would also create a need for a new sugar beet factory to be built and therefore would give employment to a large work force in construction operations and maintenance.

The present two plants at Wallaceburg and Chatham when operating at full capacity employ 1,500 people. The riding of Elgin which I represent produces a fairly substantial acreage of beets at the present time. If the producers could be assured of a long range return plus import quotas I am sure this acreage would definitely be increased.

In the riding of Elgin we have an excellent location for a new sugar beet factory at Port Stanley. As a sugar beet processing plant requires a large amount of water for washing and processing the beets, a new plant situated at Port Stanley on lake Erie would have available all the water necessary. Furthermore, the farmers in this area are the producers of a large quantity of the flue-cured tobacco grown in Ontario. When this crop is harvested, usually about September 15, the surplus labour could be diverted to the harvesting and processing of sugar beets.

I wish to commend the government for the steps they have taken in the past to restore the sugar beet industry in Canada. I hope they will continue their interest and will continue to assist the sugar beet producers in 1960.

I think it is gratifying to see the optimism shown in this chamber by the Minister of Finance and the Minister of Trade and Commerce (Mr. Churchill). It is unfortunate that the opposition parties can see no optimism and no future for Canada in this present year. These forecasters of gloom and depression remind me of the story of an Italian immigrant who came to Canada and established by the side of the highway a hot dog stand. In this venture he was extremely successful for he would stand out by the side of his stand and, although unable to read or write, he would spiel out the words "Come and buy a hot dog". It had its effect on the travelling public for Tony's Place became very favourably known far and wide. Tony was successful enough to put aside enough money to send his son to college.

After a year in college his son came home and said, "Dad, how is business?" His father replied, "Business is booming better than ever". "That is strange," said the son; "did you not know there is a depression on in Canada?" His father said, "No; I was not aware of it. I have no television, no radio and, as you know, I cannot read the papers; so as far as I am concerned business is as good as ever". But before the son left to go back to college he had convinced his father that things were not as good in the country as they had been.

Thereafter the father did not go out to the side of the road to ask people to stop and buy his hot dogs, and he took down

some of the advertising around his booth. The next time the son came home his father said to him, "Son, I know you are right. I am just beginning to realize that a depression is at hand".

My friends on the opposite side, in continuing to take this gloomy outlook are not only not doing themselves any good but are making other people in Canada gloomy as well.

It seems to me that each one of us has a particular job to do to sell Canada to our friends in other countries. We can do this only by pointing out that Canada maintains one of the highest standards of living in the world, with our manufactured products and agricultural products being the best produced anywhere.

Very recently we had in Canada for some four weeks an agricultural delegation from Roumania and this only happened because one of our boosters of Canada in the person of Mr. E. M. Warwick of Blenheim, Ontario, had paid a visit to Roumania late in 1957 for the purpose of seeing that country and introducing to Roumania new varieties of seed corn. He was so impressed with the country and its needs that he impressed upon the Roumanian department of agriculture that they should appoint a group to visit Canada and make purchases of our Canadian agricultural products. This came about early in 1958 and that year Roumania purchased its first Canadian cattle.

From this initial shipment the country was so impressed with the qualities of the cattle and other purchases, and by a further visit to Roumania by Mr. Warwick with the co-operation of the Department of Trade and Commerce and the Department of Agriculture, that they have negotiated what is to be hoped will be a continued trade with Canada. On their most recent visit they negotiated for the purchase of 1,100 head of cattle, some of these coming from western Canada; 400 hogs; seed corn to plant a million acres; 200 tons of soybean seed. In the previous shipment of cattle Mr. Warwick supplied them with two Holstein cows which have proved to be the best two cows in that country. Their present purchases have included some of the top producing Holsteins in Ontario. In all their total purchases will be over $1 million in agricultural products.

Of course, we cannot expect these purchases to be one sided. Eventually Canada will be expected to negotiate for some of the products that Roumania wishes to export. To follow this up, I would suggest that it would be advisable for a small delegation from Canada to be sponsored by the government to visit Roumania to secure their continued good will, and I am sure it would promote the sale of more of our agricultural products. At the same time this small group would be in a position to evaluate the products they would wish to sell to Canada.

I was interested to find on picking up the Montreal *Gazette* for April 1 that one of the first boats to sail from the port of Montreal will be a vessel by the name of *Cora* which will take aboard 400 head of cattle bound for Roumania. The *Gazette* mentions that Canada today exports few cattle to Europe and that this will be the first time any have gone to that country. Actually it will be the second time.

If one man can go there and promote the sale of our products in a European country, I am sure a delegation from Canada could do the same thing in many other countries in Europe.

(Translation):

Mr. Rodrigue Bourdages (Laval): Mr Speaker, I wish to take this opportunity to congratulate our Minister of Finance (Mr. Fleming). He has given Canada a magnificent budget for the current fiscal year.

I very well understand, Mr. Speaker, that the previous fiscal year should have ended with a deficit, and I also understand very well that we have a great Minister of Finance who needed only two years to repair the damage done by the previous government during its twenty two years of administration.

I will frankly admit, Mr. Speaker, that having heard such a fine budget speech, if I were in the opposition, I would be so discouraged and dejected that I sincerely think I would resign.

The Minister of Finance has given us a balanced budget. He even managed to offer us a $12 million surplus. And yet, he did not increase taxation. Furthermore, he has managed to grant a salary increase to 50,000 civil service employees, who certainly deserved it.

If you will allow me to get at the heart of my subject matter, I will say that, contrary to the statements made by my hon. colleague for Maisonneuve-Rosemont (Mr. Deschatelets), and to the opposition generally, Canada is advancing economically.

According to a Montreal *Star* report of March 26, 1960, Mr. J. H. Goldsmith, a reputed financial editor, stated and I quote:

(Text):

Bonds continued to advance and stocks also rose.

(Translation):

The stock market is therefore experiencing a revival. The stock market is more or less the economic pulse of a nation. If it is vigorous, everything else is.

The paper industry stocks are showing a remarkable vigour.

Here is what Mr. Goldsmith said about that, on the same date:

(Text):

If the current trends continue, the industry as a whole should be able to make a very good showing in earnings for 1960.

(Translation):

Mr. Speaker, even the banks are optimistic. They are happy about the economic recovery in Canada. This means that the whole Canadian industry feels the effects of this economic recovery.

In the same newspaper, in its March 26, 1960 edition, we read the following by the same writer:

(Text):

The demand for bank stocks may be an indication of renewed confidence in the outlook for general business. It is axiomatic that banks, being closely linked to the country's business activities, are among those institutions which share directly when the economy is prosperous.

(Translation):

Mr. Speaker, it must be admitted that there has been progress in Canada. It must be recognized that there has been progress abroad. Our exports are better than ever. In fact, our export trade has made significant progress since last year. Still a little farther down, Mr. Goldsmith had this to say:

(Text):

Foreign trade figures for the first two months of 1960 are highly encouraging. Exports for the two-month period were up more than 27 per cent over the like period of last year.

(Translation):

On that same topic of exports the dominion bureau of statistics, whose figures the members of the opposition are so prone to quote, issues encouraging data. I should like to quote in that connection from a *Star* report of March 26, 1960 beginning with the following words:

(Text):

Exports up sharply over '59.

Ottawa, March 26—Recent strong gains in Canada's export business continued in February, keeping the 1960 trade ledger in the black.

Exports in February were 33.5 per cent above a year earlier, following a 21 per cent gain in January, a bureau of statistics preliminary report yesterday showed.

(Translation):

Mr. Speaker, opposition members want figures. If my hon. friends in the opposition want figures, I shall quote figures. In the Montreal *Star* for March 26, 1960, there is a report from the dominion bureau of statistics which says that exports rose from $322,200,000 in February 1959 to $430,100,000 in February 1960, for a total of $852,000,000 for January and February 1960, as against $670,200,000 for the same months in 1959.

On the other hand, imports rose to $454,-300,000 in February 1960, as against $381,-600,000 in February 1959, for a total of $850,800,000 for January and February 1960, as against $784,900,000 for the same months of the previous year. There is therefore a net gain of 19 per cent of exports over imports in January and February as against last year's figures.

In *La Presse* for March 29, there was a feature by Roger Fontaine under the heading "Financial Talk", and I quote:

Referring to operations in Canada, the annual report of the S.S. Kresge company mentions that sales for 1959 have been higher than in any previous year.

Mr. Speaker, there has been some criticism levelled at the government's export policy in relation to non-commonwealth countries. Let me say to opposition members, on the basis of D.B.S. figures, that our trade relations with foreign countries have been promoted as never before. That takes care of some irresponsible remarks.

Here is something which appeared in the Montreal *Star* for March 26, 1960, and I quote:

(Text):

Almost as notable was the turn-around in trade with non-commonwealth countries overseas, with a two-month surplus of $41,100,000 emerging after the $13,700,000 deficit in January-February, 1959.

(Translation):

As you can see, this government has improved the economic situation of the country. In the field of industry, again there is progress. For the automobile industry, for instance, we have some revealing figures.

The Canadian automobile chamber of commerce says, in fact, that:

The Canadian automobile industry produced this week 10,450 vehicles as against 10,319 last week.

These figures come from the Canadian automobile chamber of commerce.

This year, production is estimated at 116,896 vehicles, compared to 109,063 at the corresponding date of 1959; it is distributed as follows: 95,571 automobiles as against 92,086 last year and 21,325 trucks, as compared to 17,007 a year earlier.

We have there more evidence of optimism based on facts.

So, Mr. Speaker, the automobile production is 7,000 units higher this year than last.

Now, I want to deal briefly with mines. In the province of Quebec, we are but one and a half million dollars away from the record reached in 1956.

Here is what *La Presse* said on this matter on March 26, 1960:

$1.5 million away from the 1956 record.

Mineral production in Quebec reached $461,979,700 in 1959. Mineral production increased by more than $72,000,000 in the province in 1959 to reach $461,979,700 as compared to $389,442,985 in 1958.

A word now to the pessimists—that is to the members of the opposition—about the textile industry.

Mr. J. D. Ritchie, president of the Canadian federation of textile, stated recently as reported in *La Presse* of March 26, 1960:

Canadian textiles gain prestige.

Mr. I. D. Ritchie, president of the Canadian federation of textiles, said yesterday that the Canadian industry has devoted a great deal of time and effort to promote its products and that the work done in the last few years is slowly debunking the overdone reputation of imported goods.

What has the government done for its part? Members of the opposition you are now singing small. We have the most sensational budget that we could hope for, as far as textiles are concerned.

This last budget has caused enthusiasm in cities where the textile industry will now become prosperous.

Members of the opposition have mentioned imbalance or something of the sort in the 1959 budget.

Well, the Canadian tax foundation said this on March 26:

The Canadian tax foundation forecasts a tax revenue surplus of $120 million over expenses for the year 1960-61.

Mr. Speaker, I think these people did not make a mistake, and that they were right on March 26.

Everybody knows that, from an international point of view, Canada occupies a choice position. This country is respected and I would be remiss if I failed to give credit to the Secretary of State for External Affairs (Mr. Green), who is doing a magnificent job of which all Canadians can rightly be proud.

Canada meets its obligations. And the optimistic note we get in the speeches of the Secretary of State for External Affairs is based on facts.

When we go abroad to take part in some international conference, we realize how much our country is held in high esteem.

This is what the Leader of the Opposition (Mr. Pearson) said here on this matter, as reported in the Montreal *Star* of May 26 last:

(Text):

Liberal party leader Pearson told the commons it was "a very unhappy record from which no one can get any satisfaction" that some 40 nations were not meeting their financial obligations.

(Translation):

The statement of the Leader of the Opposition is quite right. Thus, he pays a tribute to the foresight and to the unequalled accounting sense of the Conservative party under the leadership of great men, one of whom is the Prime Minister of Canada (Mr. Diefenbaker). Canada meets its obligations at the international level. In short, this government is not trying to find excuses. It faces up to reality and meets its requirements.

The Conservative government meets its obligations. I would call it a creative government. We find in the Larousse dictionary that the word "create" means "to make something out of nothing".

Well, that is what the Conservative government has done: out of nothing—it succeeded to the Liberal government, of which everybody had had enough—the last election proved it,—this government presents a budget that is not only balanced but advantageous. To prove it, may I say that the Canadian stock market reacted favourably the day following the budget of the Minister of Finance.

(Text):

BUSINESS OF THE HOUSE

Mr. Pickersgill: May I ask the minister whether there is any change in the plans?

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CAPITAL EXPENDITURES, AIRPORT AND TERMINAL FACILITIES

Question No. 211—**Mr. Fisher:**

1. Does the government have a record of capital expenditures made in providing airport and terminal facilities at those airports used by commercial air lines?
2. If so, what is the total capital expenditures made by the government in providing (a) runways; (b) radio and directional equipment; (c) meteorological services at the airports; (d) terminal facilities at such airports?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes.

2. (a) Runways—$145,645,836.

(b) Radio and directional equipment—$15,646,416.

(c) Meteorological services at the airports—The meteorological services have stations at several airports which supply weather information to the air lines, and these facilities are also used for public forecasting. It is not possible to segregate these costs, as the accounting records are not maintained in this manner.

(d) Terminal facilities—$37,339,496.

The above figures are cumulative to March 31, 1959.

CANSO CAUSEWAY CONSTRUCTION

Question No. 315—**Mr. Regier:**

1. What were the total contributions of the federal government to the building of the Canso causeway?
2. Are any federal contributions still to be made? If so, what is the expected amount?
3. What is the total estimated cost of this causeway?
4. Does the federal government receive any returns on this investment out of the tolls being collected?
5. From whom was the rock needed for this causeway purchased?
6. Has the rock been paid for? If so, how much was paid for the rock? If not, what is the cause of the delay in payment being made?
7. If this rock was purchased from a company or a corporation, who are the officers of same?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Expenditure by the federal government on the construction of the Canso causeway to March 1, 1960 amounted to $20,157,201. The above covers the total expenditure on the construction of the causeway to March 1, 1960, and under the agreement between the federal government and the government of the province of Nova Scotia the province will contribute $5,500,000 toward the capital cost subject to the provision that if the total capital cost is less than $22,760,000 the contribution of the province will be reduced proportionately.

2. Yes. The amount cannot be determined until the full cost of the land from which the rock was obtained is available.

3. Answered by Nos. 1 and 2.

4. No.

5. Rock obtained from land expropriated by the federal government. Owner of the land Hon. Alistair Fraser.

6. A payment of $15,000 on account was made to the owner of the expropriated land pending a decision of the exchequer court of Canada as to the value of the parcel of land expropriated. The decision of the court was rendered under date of March 18, 1960 which is subject to appeal within 60 days from date of judgment.

7. Answered by No. 5.

EAST-WEST EXPRESSWAY, MONTREAL—HOUSING CONSTRUCTION, ST. HENRI COUNTY

Question No. 324—**Mr. Lessard:**

1. Have there been any negotiations between officers of the Department of Public Works and Central Mortgage and Housing Corporation, and representatives of the city of Montreal, regarding the east-west elevated expressway and its effect on the construction of low cost rental units in the county of St. Henri?
2. If so, what stage have such negotiations reached?
3. Have any officers of the department or Central Mortgage and Housing Corporation examined this problem, and what are their findings?

Answer by: **Hon. D. J. Walker (Minister of Public Works):**

1. No.

2. Answered by 1.

3. No.

HOUSE OF COMMONS

Tuesday, April 5, 1960

The house met at 2.30 p.m.

PRIVILEGE

MR. PICKERSGILL—ALLEGED INCOMPLETE RETURN RESPECTING PAYMENTS TO PROVINCES

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I am rising on a question of privilege. Yesterday a return was made to an order of the house respecting a question of mine which was passed on March 9, having reference to federal payments to provincial governments and the increase therein. The answer to the first part of this return shows the total amount as $208.8 million. The hon. member for Carleton (Mr. Bell) when speaking in the house yesterday said that the same payments for the current year were $689 million. It is perfectly obvious that there has been a misinterpretation of or a misunderstanding about this return. What I think has happened is that only so-called conditional and not unconditional payments were included. I just wish to draw that to the attention of the house and ask that the return be made complete.

AGRICULTURE

NOVA SCOTIA—TABLING OF CORRESPONDENCE ON DEFICIENCY PAYMENTS

Hon. Paul Martin (Essex East): Yesterday the Minister of Agriculture said that he had tabled correspondence between the premier of Nova Scotia and the government of Canada relating to deficiency payments. I looked for that correspondence yesterday, and I could not find it.

Hon. D. S. Harkness (Minister of Agriculture): Yes, Mr. Speaker, I said yesterday that I believed it had been sent in either Friday afternoon or yesterday morning. In checking up on it I found it was sent in yesterday. Maybe it was delayed in the mail, or something; I do not know, but it was mailed from my office in the Confederation building yesterday.

INDIAN AFFAIRS

CONCURRENCE IN FIRST REPORT OF JOINT COMMITTEE

Mr. Noel Dorion (Bellechasse) presented the first report of the joint committee of the Senate and House of Commons on Indian affairs, and moved that the report be concurred in.

Motion agreed to.

BRIDGES

JACQUES CARTIER BRIDGE, MONTREAL—ANNOUNCEMENT OF ARRESTS BY R.C.M.P.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, in view of the question asked yesterday, to which I was not in a position to reply fully, perhaps I may inform the house at this time that three former toll collectors on the Jacques Cartier bridge were arrested yesterday, arraigned this morning and released on bail of $200 each. Three other former toll collectors were arrested this morning and it is expected they will be arraigned this afternoon.

COMMONWEALTH RELATIONS

SOUTH AFRICA—REPORTED SHORTAGE OF MEDICAL SUPPLIES AT NEGRO HOSPITAL

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister arising out of the news and television reports that there is a shortage of medical supplies at the Nyanga negro hospital in South Africa. Is the Canadian government prepared to make an offer of needed medical supplies in order to assist in the treatment of the wounded at this hospital?

Right Hon. J. G. Diefenbaker (Prime Minister): No report has been received by myself or by the Secretary of State for External Affairs, I have been informed by the minister, with regard to this matter. When it is received, in the ordinary course of events, it will receive consideration. As we all know, assistance in situations such as this is given through the Red Cross and otherwise.

SOUTH AFRICA—SUGGESTED GRANTING OF ASYLUM TO REFUGEES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I have a supplementary question to direct either to the Prime Minister or the Secretary of State for External Affairs. Is the government prepared to consider doing as the United Kingdom government is reported as now doing, granting asylum in Canada to negro refugees or fugitives from South Africa?

Inquiries of the Ministry

Hon. Howard C. Green (Secretary of State for External Affairs): There is no suggestion of that, either, but we would give consideration to any request that might be made.

Mr. Argue: I have a supplementary question. Will the government give consideration to this question since it has now been raised?

Mr. Green: The hon. member knows that government policy on questions of this kind would have to be announced in due course.

TRADE

RUSSIA—REPORTED VISIT OF CANADIAN OFFICIAL RESPECTING IMPORTATION OF AUTOMOBILES

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of National Revenue this question. Can he say whether it is a fact that an official from his department has gone to the Soviet union? If that is the case, will the minister say whether or not his visit has to do in any way with Soviet union made automobiles?

Hon. George C. Nowlan (Minister of National Revenue): I shall have to take that question as notice, Mr. Speaker. It certainly has nothing to do with the proposed discussion about Russia-made automobiles.

RUSSIA—REQUEST FOR STATEMENT RESPECTING EXTENSION OF AGREEMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Minister of Trade and Commerce whether the trade treaty with the Soviet union, which was on the verge of signature some time ago, is likely soon to be signed?

Hon. Gordon Churchill (Minister of Trade and Commerce): That continues to be our hope, Mr. Speaker. There is presently in Moscow a delegation of officials headed by Mr. J. H. Warren, the assistant deputy minister of trade and commerce, and that delegation is there for the purpose of continuing the negotiations with the appropriate persons representing the government of that country.

HOUSING

C.M.H.C. LOANS—INQUIRY AS TO AMORTIZATION PERIOD

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of Public Works. Will the minister advise the house whether or not loans to be granted to owner-applicants by Central Mortgage and Housing Corporation can be amortized over a period of 30 years?

[Mr. Argue.]

Hon. D. J. Walker (Minister of Public Works): Yes, Mr. Speaker.

IMMIGRATION

IRENE REBRIN—REPORTED RECALL OF PASSPORT BY DEPARTMENT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Prime Minister. I apologize for not sending him notice, but it was impossible to do so. My question is based on a very recent inquiry from Vancouver with respect to Miss Irene Rebrin's case. There has been a great deal of interest in this case in Vancouver.

Some hon. Members: Question.

Mr. Herridge: I should like to ask the Prime Minister this question. In view of the fact that this young lady's passport has been taken up by the immigration department, was it taken at his request? Second, has the Prime Minister been informed that Dag Hammarskjold, secretary general of the United Nations, has expressed interest in this case?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday a question was asked similar to the one asked a moment ago by the hon. gentleman. At that time I said the question would be discussed by me with the Minister of Citizenship and Immigration (Mrs. Fairclough) and other appropriate ministers. That discussion has commenced, and the minister should be in a position very shortly to say something definite in this regard.

As to the second portion of the question, may I say that I have no information in that regard.

INCOME TAX

DEDUCTIBILITY OF CONTRIBUTIONS TO MORAL RE-ARMAMENT

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): May I ask the Minister of National Revenue whether he has now had time to look into the matter of the deduction for income tax of donations to Moral Re-Armament? He indicated last week that he would look into the matter.

Hon. George C. Nowlan (Minister of National Revenue): I have not as yet received a report on that matter. As I said, I believe, it has to do with a ruling on whether it is a charitable organization.

PUBLIC SERVICE

OTTAWA—STATEMENT ON REPORTED RESTRICTION IN ADVERTISEMENT FOR ELECTRICAL MAINTENANCE MAN

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Yesterday the hon. member for Hull (Mr. Caron) inquired regarding an application for the position of electrical maintenance man at the Ottawa airport, which had been advertised by the civil service commission as open to residents of the Toronto air services region.

For purposes of efficient administration the air services branch of the Department of Transport operates through a series of regional headquarters which have extensive operational authority delegated to them. It is the custom of the civil service commission to advertise public competitions on an area basis related to these regional areas of administration.

The Ottawa river forms the boundary line between the Ontario and Quebec regions, so that the competition advertised for Ottawa airport through the Toronto headquarters would include the Ottawa area but not Hull. On the other hand, residents of Hull would be eligible for regional competitions in the Quebec area, which has its headquarters at Montreal.

This regional organization of our air services branch, including the present boundaries, and the civil service commission practice of advertising competitions on this regional basis, were established over 10 years ago under the previous administration. I am a little surprised, therefore, if the hon. member takes exception to the practice we are following, that he did not take the matter up with my predecessors under the previous government when they were in office.

Mr. Alexis Caron (Hull): Mr. Speaker, a supplementary question. Seeing that the airport of Ottawa is much nearer than the airport at Dorval and that the minister promised to change everything which was not going well in Canada, does he not think it is time to make a change?

Mr. Hees: I might say I am surprised that the hon. member had not shown such zeal during the past 10 years in his dealings with the hon. member for Laurier and Mr. Marler along these same identical lines.

Inquiries of the Ministry

LABOUR CONDITIONS

ELLIOT LAKE—ANNOUNCEMENT OF VISIT BY MINISTERS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the Leader of the Opposition asked me a question some days ago regarding Elliot Lake and I told him I would give an answer as soon as I could.

I am now in a position to advise that on Saturday the Minister of Trade and Commerce and the Minister of Labour will visit Elliot Lake to discuss the whole situation with representatives in that area. This is in sequence to the fact finding committee which recently visited the same area, that committee being headed by the parliamentary secretary to the Minister of Labour.

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Prime Minister whether in view of the proposed visit, which I am sure will be welcomed by the inhabitants of Elliot Lake, it is not now intended to make available to the house the report of the fact finding committee until after the ministers' return?

Mr. Diefenbaker: I think it would be better to discuss that matter after the return of the ministers, if the hon. gentleman would agree.

(Translation):

VALCARTIER QUEBEC—REPORTED DISMISSAL OF EMPLOYEES

On the orders of the day:

Mr. Robert Lafreniere (Quebec-Montmorency): Mr. Speaker, I should like to put a question to the Minister of Defence Production. Is the minister aware of a report published in *La Presse* of April 4, 1960, to the effect that 450 employees of the Canadian Arsenals in Valcartier will be discharged on April 17, 1960?

Has the minister any comments to make on this matter?

Hon. Raymond O'Hurley (Minister of Defence Production): I read this report in *La Presse*. It was a statement by Mr. Marchand, secretary general of the Catholic labour unions of the province of Quebec, saying that 450 employees of Canadian Arsenals would be discharged on April 17. Mr. Marchand's statement is altogether untrue. Forty one employees were actually discharged at the end of March, because they were over 65, and for other reasons. Moreover, the contract for

cartridge cases has been completed in Valcartier. We are not expecting any change or any layoffs of Quebec arsenals employees in the coming months.

(Text):

TELEVISION

CANCELLATION OF INTERVIEW WITH LEADER OF OPPOSITION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I would like to ask a question of the minister who reports for the C.B.C. Would the minister give the house an explanation as to why a sponsored interview scheduled during the Saturday night telecast of the Toronto-Detroit hockey game with a well known Canadian athlete, the Leader of the Opposition, was cancelled?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, perhaps the question should be directed to the Leader of the Opposition, because apparently he knows more about this than I do. I read the interesting story on the front page of the *Globe and Mail* this morning, and I suspected that somebody might be asking me about it. I will obtain a report on the matter and answer in due course.

Mr. Argue: I wonder, when the minister has obtained a report, whether he would make a further inquiry as to the explanation given by the public relations officers that if the Leader of the Opposition had appeared it would have been a political appearance, but that it was a public service when the Minister of Transport spoke on national health week.

Mr. Nowlan: I refuse to commit myself, Mr. Speaker, in discussing the activities of public relations officers of any corporation anywhere, at any time.

Hon. L. B. Pearson (Leader of the Opposition): When the minister is making an investigation into this interesting matter, I wonder if he would get the text of the statement made by the Minister of Transport on a similar occasion advocating national health?

Hon. George H. Hees (Minister of Transport): Perhaps I might answer that, Mr. Speaker. That is impossible because I spoke from the heart, not from a text.

Mr. Pearson: May I ask the minister whether it is not correct that the Minister of Transport always speaks from the heart rather than the head?

[Mr. O'Hurley.]

NATIONAL DEFENCE

NATO—STATEMENT ON PARIS MEETING OF DEFENCE MINISTERS

On the orders of the day:

Hon. Paul Hellyer (Trinity): I wish to address a question to the Minister of National Defence. Has the minister any statement to make to this house following his meeting in Paris with the other defence ministers?

Hon. G. R. Pearkes (Minister of National Defence): I could make a brief statement if required, Mr. Speaker, as I expected there might be such a question raised.

I think the best way of describing this meeting would be to say it was a "technical session" during which were discussed various matters of interest to defence which will be further considered by the military committee in order that they may be brought forward to the NATO council in permanent session.

The question of the logistic support of the alliance was discussed with special reference to the problems of the Federal Republic of Germany. These are to be examined by the NATO military authorities in full co-operation with West Germany and the other nations directly concerned, which means that General Norstad will consider what contributions the various NATO countries can make to the solution of Germany's problems. It was urged that these be found within the NATO area.

Ministers also discussed ways in which the efforts of the alliance could be better co-ordinated in the fields of research, development and production in order to take advantage of the skills and capabilities available in NATO countries. This matter was referred to the NATO armaments committee. A list of various projects planned or under development in the several NATO countries will be submitted for study. In this way it is hoped to make progress toward preventing duplication. This item is of special interest to Canada. I expect that several of our country's projects will be reported upon and, of course, Canada would benefit if it were found that any were generally acceptable for use within the alliance.

Questions of defence planning were raised, increased emphasis being placed on immediate readiness and the first phase of a war. The military committee is to examine the suggestions made during the discussion and report by July 1 upon the consequences, particularly with respect to the logistics. As to sharing the burden, numerous suggestions were advanced so as to enable all member nations to train and maintain their forces at the level agreed upon by the north Atlantic council.

Mr. Hellyer: A supplementary question, Mr. Speaker. I read a newspaper report the other day to the effect that some equipment was to be made by several of the NATO countries in concert, and wondered if this same committee has recommended any other equipment which could be manufactured partially at least in Canada, or if results have yet been achieved in this field.

Mr. Pearkes: Mr. Speaker, the suggestion was made that the countries should submit a list of the projects they were carrying out, and that the armaments committee would prepare a list of about 20 promising projects for further examination.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the minister a question arising out of his statement—if I understood it correctly—that if bases were not available in NATO countries or West Germany they might be found outside those countries. Was any restriction in that regard suggested to West Germany, in regard to territory suitable for such bases?

Mr. Pearkes: The question of bases was discussed, and it was referred to General Norstad to examine the need of bases, training facilities and supply bases in peace and in the various phases of war. He was urged to find these bases within the NATO area.

Mr. Hellyer: A further supplementary question, Mr. Speaker. Can the minister tell us whether there was any discussion about the continued use by Canada of French bases for the R.C.A.F. after we have re-equipped with planes carrying atomic weapons?

Mr. Pearkes: No, Mr. Speaker, that subject was not raised.

GRAIN

INQUIRY AS TO PROPOSED PROVISION OF ACREAGE PAYMENTS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Prime Minister a question based on an interview given to the Regina *Leader-Post* on March 5 by the Minister of Northern Affairs and National Resources, in which he suggested that farm leaders should sit down with the government and discuss alternatives to grain deficiency payments such as acreage payments. Is it the intention of the government to provide acreage payments this year to farmers in western Canada?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. gentleman with his wide experience on the treasury benches will realize that the only appropriate answer is that this is a matter of government policy to be announced in due course.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, April 4, consideration of the motion of Mr. Fleming (Eglinton) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Regier.

Mr. Hubert Badanai (Fort William): Mr. Speaker, last Thursday night I listened very attentively to the Minister of Finance (Mr. Fleming). First he gave us a résumé of the economy, in which he could see nothing but roses.

Mr. Speaker: Order. I suggest that the hon. member wait for one minute, as there is considerable movement in the house at the moment which will soon settle down.

Mr. Badanai: I was just saying, Mr. Speaker, that the Minister of Finance last Thursday night gave us a résumé of the economy in which he could see nothing but roses. Then he proceeded to enumerate small changes described in various terms such as "minor" and "technical". For all practical purposes the budget did not create the spontaneous, resounding applause that those on the government side of the house had hoped for, because the position is practically the same as it was before March 31. No one anticipated a general slashing of taxes, but there was plenty of justification for anticipating the removal or at least a reduction of some taxes, such as the excise tax on passenger motor cars, which has been suffocating an industry that has contributed more to the coffers of the receiver general, to employment and to the all-round standard of living of Canadians than any other industry.

The automotive industry in Canada today can be regarded, directly and indirectly, as one of the major employers of labour. This industry provides more jobs than any other industry. The total value of its products in 1959 was $1 billion. There are approximately five million motor cars and trucks using the highways of this nation, and where great distances might seem an obstacle to national advancement the motor vehicle has supplemented the railways and the waterways in opening new territories for development.

I shall proceed to outline briefly the impact of the automotive industry on our national life. The reason I am bringing this

industry to the attention of the Minister of Finance is that, nothwithstanding its many contributions, the minister has again ignored the need for the elimination of the discriminatory excise tax on automobiles which now, more than ever, is an obnoxious tax on Canadian made cars and is only creating a favourable climate for the sale of foreign importations.

There is no Canadian employment in the manufacture of imported passenger cars and substantially less tax revenue for the government from their sale, but the most important factor is the reduction in employment in the Canadian manufacturing plants. To illustrate this point, among the principal Canadian automobile factories the monthly average of employment was 40,243 in 1956, whereas in 1959 the monthly average of persons employed in these plants was only 33,160. Yet more passenger cars were sold in Canada last year than in 1956.

The hon. member for Laval, speaking on this subject last night, had this to say as found in the translation of his speech:

> As you can see, this government has improved the economic situation of the country. In the field of industry, again there is progress. For the automobile industry, for instance, we have some revealing figures.

Well, Mr. Speaker, the revealing figures are the figures of new car registrations in Canada from 1955 to 1959 inclusive. These figures are as follows:

1955	
Made in Canada	332,929
Made in United Kingdom	13,864
Other European cars	7,943
Made in United States	27,046
1956	
Made in Canada	333,711
Made in United Kingdom	16,475
Other European cars	17,851
Made in United States	36,567
1957	
Made in Canada	326,972
Made in United Kingdom	22,109
Other European cars	26,008
Made in United States	16,572
1958	
Made in Canada	289,170
Made in United Kingdom	38,051
Other European cars	37,037
Made in United States	17,333
1959	
Made in Canada	389,030
Made in United Kingdom	57,929
Other European cars	55,551
Made in United States	24,764

These figures are revealing indeed. They reveal the fact that if all these imported cars had been manufactured in Canada it would have resulted in the additional employment of roughly 16,400 persons. I am not suggesting that the elimination of the excise tax would automatically stop the importation of automobiles, but I am sure it would result in a reduction in importations, and a beneficial effect on sales of Canadian made cars would undoubtedly be the outcome.

It is a matter of more than passing concern that the excise tax affects the share of the market obtained by Canadian companies. Even the most cursory examination of the share of the market obtained by the less expensive foreign cars leads to the conclusion that consumers are sensitive to variations in the price spread between imported and domestic models. The price spread resulting from the application of the excise tax on a Canadian produced car which is sold to the public for $3,000 and a European automobile which is sold for say $2,000 amounts to about $90. The removal of the excise tax and thus the removal of the price spread it creates of about $90 could have an important effect on the share of the market to be obtained by Canadian produced cars.

Relief from the excise tax on passenger cars is needed to help the Canadian motor car manufacturing industry combat the increasing sales of European cars, and would permit the continued growth of the Canadian passenger car manufacturing plants. But, Mr. Speaker, over and above all I have said with regard to the facts and figures, the excise tax is discriminatory because the automobile is the only major consumer article still subject to special taxation, and I submit to the minister that a re-examination of this provision should be made without undue delay looking to the elimination of this unwarranted tax.

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

Mr. Badanai: Yes.

Mr. Spencer: I hope he will correct me if I am wrong, but I understood him to say that if the excise tax on automobiles were removed it would enable the Canadian industry to supply the cars which are now being imported from abroad. That was substantially his point. Is the hon. member aware that the excise tax is applied also to imported cars, and in the light of that fact will he kindly explain how the removal of the excise tax is going to have any bearing on the importation of cars from abroad?

Mr. Badanai: Mr. Speaker, the question is really not particularly relevant to the subject, nor to the figures which I quoted. There is a difference between an imported vehicle being sold for $2,000 and one made in Canada and sold for $3,000. There is an excise

figure of approximately $90. I can substantiate that, and I shall do so if my hon. friend wants an example.

I suggest that the government should give serious consideration to the production of the Bobcat, which is an amphibious vehicle developed by the Department of National Defence and engineers of the Canada Car Company, whose plant in Fort William would be in the immediate position to proceed with its production. The reason I am advocating that this vehicle be used for the opening up of the far north is that until recently it was the objective of the government, and now it seems to be totally ignored.

Those of us who were hoping to see a budget designed to create jobs for the unemployed certainly could not cheer. Only the day before the budget Chrysler Corporation of Canada announced that some 3,500 workers were being laid off in a shut-down of all passenger car production. Some of these will return to work, while others will be laid off indefinitely. I hold in my hand a clipping from the Fort William *Times-Journal* of April 2, which indicates a serious and alarming unemployment situation. I am going to quote only a paragraph:

> An all-time record high of 10,527 people are seeking employment according to figures which reached the lakehead employment advisory committee during their March meeting.

The move to amalgamate the telegraph services at Fort William, which cannot be assessed but as a step toward a program to merge all telegraph services across the country, is just a beginning of a nation-wide scheme to bring about the physical amalgamation of the two railways, a proposal which was originated by the Conservative government of R. B. Bennett in the 1930's. Only last week at a meeting of the committee on railways, air lines and shipping, attended by the president of the Canadian National Railways, Mr. Donald Gordon, and some of his officials, it was brought out that extensive reductions in service on sections of the line to Sioux Lookout and between Atikokan and Rainy River were effected, as well as at Reddit, Armstrong, Nakina and Longlac, and Belleville in the eastern part of the province of Ontario. As a result Sioux Lookout, a railway town dependent for its existence upon the Canadian National Railways, will be on the verge of becoming a ghost town. I am told that the morale among the men in those sections of the Canadian National railway system has never been as low as it is at the present time.

It is all very well to be pleased with a budget which forecasts a surplus, but with nearly 800,000 unemployed the satisfaction is but of short duration. I have had occasion to say, and I say it again, that I would rather see deficit financing, with full employment of the available manpower of the country than a financial statement in the black with massive unemployment. Our human resources are paramount, and their welfare should be the first consideration of any government. I do not mean to imply that those who are occupying the treasury benches are less concerned with the welfare of the people. I suggest that the Minister of Finance and his colleagues have been listening to the wrong prophets and, for whatever reason, have not been able to come up with the right answer to cure unemployment, and that these trends toward amalgamations or mergers of services will not produce results acceptable to the Canadian people.

On February 18 I asked the Minister of Finance whether he would consider the removal of the burden of double taxation on those people who have received or will receive payments under the Ontario health plan and who cannot deduct those medical expenses from their taxable income even though they have paid taxes on their contributions to the plan. The minister informed the house that it was not appropriate to discuss fiscal policy during the question period. Now I expect it to be quite in order for me or for any other member to ask the minister, since the federal government contributes only a portion of the cost of this plan, whether some adjustment could not be made so the provincial and personal share of these payments might be deducted from taxable income.

To illustrate my point, prior to January, 1959 a person who was covered for hospitalization and medical care under Blue Cross paid $5.40 per annum more than he is paying for his present coverage under the Ontario hospital plan and Blue Cross for semiprivate and P.S.I. medical. In 1958 he was allowed to deduct all hospital expenses from his taxable income. In 1959 this person was hospitalized twice, but he can deduct only his semiprivate room charge of $3 per day instead of the full charge of $23.25 per day. This means that instead of having a tax refund of $45.70 for 1959 he is allowed a refund of only $5.70. In other words the government charged the extra $40 against its contribution of only one third of the cost of hospitalization.

I express the sincere hope that in what the minister did not spell out in his statement last Thursday, when he said that minor adjustments will be made, he had this particular feature in mind.

On Friday, March 18 I asked the Minister of National Revenue whether the government had made any attempt to evaluate the impact that the selling of duty and tax free goods by International Resort Facilities Limited to United States tourists at border points is going to have on small retail merchants who derive their livelihood from the tourist trade. A few days later the minister replied to the effect that it was impossible to determine the impact of that business because operations had not yet started.

This is a question which has engaged the attention of the tourist industry as well as the retail merchants association. It has been reported that this scheme may well cost Canada a lot of money as a result of the dislocation of small businesses and the diversion of customs duties and sales tax revenue from the federal treasury.

The Minister of National Revenue also indicated in his reply that the company involved, namely International Resort Facilities Limited, was incorporated in the regular way under the Canadian Companies Act. This is, of course, not a question of legality but of whether or not this type of free shops merchandising is in the national interest. These shops will be stocked with samples of imported goods, cameras, perfumes, watches and clothing. While Canadian goods will probably be on display, the visitor will be tempted to buy goods imported from abroad and brought into this country in bond so they can be sold without customs and excise taxes.

Theoretically any merchant could set up a bonded warehouse, but in practice small retailers could not afford such an overhead, with the result that they will be the losers in competition for the tourist dollars. Those feeling the effects of these free shops will be not only merchants operating at border cities anywhere in Canada, but the chief losers will be a large section of our national retailers. I suggest that a close study be made of this new type of merchandising which might cause more trouble than the extra dollars are worth to the country even if, indeed, it should mean extra revenues, something which I doubt.

About a year ago, on the occasion of a debate on a supply motion, the Leader of the Opposition introduced the subject of Canadian-United States relations and during the course of that debate I mentioned the move by the city of Chicago to have an increase in the diversion of water from lake Michigan from 1,500 to 2,500 cubic feet per second, the effect of which would have been a threat to the water levels of the great lakes. You will recall that the bill passed the United States Senate, but fortunately it was vetoed by the President. Now they are at it again, and I do not know whether this government can stem the tide. I therefore wonder whether a proposal formulated in the mind of one of our brilliant young engineers, namely Mr. Thomas Kierans, who hails from the city of Sudbury, has sufficient merit for this government to give it serious consideration.

Briefly, the plan would be to take fresh water from rivers flowing into James bay and divert it by way of the Harricanaw river into the Ottawa and Mattawa rivers, lake Nipissing and the French river into Georgian bay; in stages, up to 25,000 cubic feet of water per second would be diverted. The beginning stage calls for the diversion of about 4,000 cubic feet of water per second from the Bell river to the Harricanaw river near the height of land south of James bay. This initial diversion, according to Mr. Kierans' estimate, could be completed within three to four years.

What Mr. Kierans suggests, however, is a study which would determine the feasibility of the plan. Mr. Kierans submitted his original idea to the Minister of Northern Affairs and National Resources. Unfortunately the minister's reaction was negative. On the other hand the reaction of Robert Macaulay, minister of energy and resources in the Ontario provincial government, was receptive, so much so that Mr. Macaulay has initiated a study of the plan with his energy committee and with Ontario hydro.

Inasmuch as the United States government is plagued by the continuing problem of water diversion from the great lakes by the city of Chicago and the state of Illinois, the plan was taken to Washington by Mr. Robert Evans of Sudbury. There Mr. Evans was received by Senator Fulbright, chairman of the Senate foreign relations committee; by Senator Paul Douglas of Illinois and Senator Alexander Wiley of Wisconsin. Senator Douglas is working hard to secure more water for his state. Senator Wiley is emphatically opposed to further diversion.

There is pending now before the Senate foreign relations committee a bill called H.R. 1, which calls for a study of the Chicago water diversion problem, while at the same time it would permit Chicago to divert 1,000 cubic feet per second more of water from the great lakes. That city is at present taking 1,500 cubic feet per second for sanitary and shipping purposes, and an additional 1,800 cubic feet per second for domestic clear water purposes.

The bill already has passed the house and should be reported out from the Senate foreign relations committee to the Senate

floor within the next few days. In the meantime Senator Wiley sees the Kierans plan as a possible solution to the long time problem. He told Mr. Evans he would recommend that the United States initiate funds to study its feasibility, with the permission and co-operation of Canada. I understand that the Prime Minister has been informed of the plan. I would therefore suggest to the Minister of Finance that he make money available, if necessary, for initiating a study of this plan with the co-operation of the United States.

Mr. Kierans prepared a substantial brief, a copy of which I believe is in the hands of the Prime Minister. I am just quoting from one page of it. It contains that proposal and suggests that the advantages that project could offer to Canada include the following:

(a) Profit from the sale of water to certain water deficient areas in North America.

(b) Hydroelectric energy from the fall of the new water on the southern side of the height of land.

(c) A barge navigation channel from James bay to the great lakes and the lower Ottawa, thus providing a low cost transportation system for the large iron ore reserves of the James bay area.

(d) An opportunity to open for economic development a very large area of Canada now only very sparsely settled.

In his budget speech the Minister of Finance acknowledged the demand made upon the government for devaluation of the Canadian dollar to the level of the United States dollar. As reported at page 2673 of *Hansard* he had this to say:

There is a related question upon which I should like to dwell for a moment. This is the question of our exchange rate. The external price of our Canadian dollar has been high for eight years now and is currently running about 5 per cent above the United States dollar. The situation has been brought about mainly as a result of an inflow of foreign capital and reflects the confidence of outsiders in the soundness of the management of our financial affairs. Admittedly it lowers the prices received in Canadian dollars by those exporters who have to sell in world markets at world prices.

Further on the same page he continued:

It might well be that the government could not reduce the inflow of funds sufficiently without imposing direct controls on capital movements and then on the movement of goods. Apart from the economic objections to such policies it would be a very difficult matter to work out effective technical means of control. Even then the controls would not be effective unless the objective were one which commanded the broad public support which is necessary for general compliance. In other words we would be embarking upon a gigantic financial speculation with no assurance of success.

With that statement the minister is attempting to give this question an air of finality which should not be raised now or ever, at least until the government will decide when it will be appropriate for further review. The minister contended that the inflow of foreign capital was responsible for the premium on the Canadian dollar, but said nothing about the borrowing in the United States by provincial governments and municipalities and private corporations, a procedure which many would agree to have been chiefly the result of poor financial management. It is a statement which does not take into consideration the artificial value of the dollar which in reality, having regard to its true value in relation to our trade deficit, should be worth only 95 cents instead of $1.05 in United States dollars. I think the truth of the matter can be found in the suggestion that the Canadian dollar is presently being manipulated by a few international financiers.

The artificial value of our dollar is damaging our tourist industry to the tune of millions of dollars. It has severely handicapped northwestern Ontario major industries, pulp and paper and forest products, and the iron ore from Steep Rock iron mines. I submit to the minister that he would render Canada an excellent service if he would reconsider the question in the light of what parity of our dollar with that of the United States would mean to our export trade and to the development of Canada.

In the matter of civil service salaries, the minister made an astonishing statement to the effect that the last general increase in civil service salaries was authorized by the present government in July, 1957. He very conveniently omitted to say that the general increase had been proposed and approved by the government of the previous prime minister, Mr. St. Laurent, as of May of that year, several days before the then prime minister decided to resign. The increase at that time ranged from 3½ to 12 per cent, or an average of 6 per cent. On the same date increases to the armed forces and the Royal Canadian Mounted Police were also granted. After the brush-off which the civil service received from the present government last year we at least anticipated that in this year's budget a general increase would be forthcoming for all civil service employees, not only for a fraction of the number who will benefit by the minister's announcement. Perhaps among those hardest hit by this omission are the postal employees who are actually in receipt of a lower net income than they enjoyed three years ago.

There is another important omission about which the minister failed even to whisper; that is, giving civil servants who do not occupy executive positions the right to bargain, in the same way as members of police forces and firemen, and the protection that none should suffer the penalty of dismissal

for attending a political meeting. The granting of these rights would remove the stigma of being considered second class citizens subject to penalties and loss of employment. As far as the civil service is concerned, this budget can be labelled the half a loaf budget of 1960 to be divided among a fraction of the civil service body.

On January 20, on orders of the day, I asked the Minister of Finance if he would inform the house whether a borrower from the industrial development bank could prepay a loan without having to pay a penalty, and if not why not. The minister's answer was to the effect that the industrial development bank is a subsidiary of the Bank of Canada and that he, as Minister of Finance, had no control over it.

The reason which prompted me to ask the question was that a firm in my constituency, on whose lands and buildings the industrial development bank loaned $60,000 on a mortgage, recently had sold a part of their assets consisting of small boats which they manufactured, some machinery and stock. Consequently they wished to prepay the sum of $25,000 on the mortgage; and all things considered, when money is still in a strait-jacket this prepayment or any prepayment of loans should be welcomed by the government-owned bank. But because the mortgage contained a clause under which the bank reserved the right to charge a premium on prepayments which amounted to one tenth of one per cent, multiplied by the number of months in advancement of the date the instalments fell due, the premium asked was excessive. The manager of the company wrote a letter asking me to bring the matter to the attention of the Minister of Finance in the hope that he would see the merit of the request, which resulted in the question and answer as reported in *Hansard* of January 20 last, pages 135 and 136.

I did, however, receive a detailed explanation from the secretary of the industrial development bank, which contained the following paragraph:

> Many mortgage lenders do not permit prepayment of mortgages at all and where prepayment is permitted, it is the usual practice to charge a prepayment fee whenever any amount is prepaid.

This would mean, then, that the government-owned industrial development bank has adopted the practice and regulations of ordinary moneylenders. It is a matter of regret that the minister overlooked the importance of suggesting an amendment of this practice to the industrial development bank. The statement of profit and loss for the year ending September, 1959 reported a rather healthy profit of $1,533,363, and an amendment which would remove the objectionable feature of premiums on prepayments of loans would in no way prejudice the profit position and purpose of the bank.

Mr. F. J. Bigg (Athabasca): Mr. Speaker, I rise to speak on this budget, and I am very pleased and proud to do so. We have a courageous budget introduced by a courageous and capable minister. This budget, as has been well said, stands to hold the line. At a time like this holding the line is a necessary thing. We have to learn to live within our means. We have been living beyond our means, but now we are going to stand and move forward from here. I compliment our minister and the government for taking this stand, which every thinking man in Canada knows has to be taken.

I am pleased, however, to see that even in this year of holding the line we have not forgotten the great body of civil servants who run our country so efficiently. As usual the members of "the group" have criticised the stated contribution to this effort. They say "too late and too little". The sum of $15 million, I might point out, is only the minimum set aside for this purpose and, as has been promised by the government, a full review of the civil service is being made and many groups will benefit in the near future.

Amongst these no doubt will be the Royal Canadian Mounted Police. This body of men have been notoriously underpaid ever since 1873. I would say that the basic pay is now more realistic, but there are still certain groups within that body, notably the sergeants and the superintendents, who are underpaid. Bearing in mind the responsibilities they hold and the service they are giving to this country I would recommend to the government that when they are making this review they give special consideration to these particular groups. I served for some 23 years with the mounted police; therefore I speak with firsthand information.

Although I have no doubt that we are moving forward and will continue to move forward, there is still one part of the population which has not come fully into its own, and that is the agriculture industry. In particular I refer to the small family farm. The bureau of statistics assures us that the family farm is now getting a fair share of the national income. I do not think this is quite accurate. I think agriculture has gone forward, and that total income has increased. However, we have an inequity in the agricultural picture. I see a tendency to return to the feudal system in agriculture, not on account of claims of birth or blood but on account of the claims of finance. Today our farms are highly mechanized. Today a farmer

needs a lot of capital, and it is not easy in a free economy to make capital available down to the level of the family farm.

I have consulted with farm groups who have come from all across Canada, and have tried to get them to define the family farm. They refuse to do so, and I think this failure is due to the fact that the better-off farmers are able to use their influence within their own groups to press for those things in agriculture which help the men with the most money. This tends to concentrate agricultural income into fewer and fewer hands, regardless of the increased income available to agriculture generally.

At this point I would ask permission to have the following tables printed in *Hansard*. The source is the dominion bureau of statistics census of Canada, and the tables purport to give the over-all figures of the number of farms in Canada in 1941, 1951 and 1956, and the number of farm holdings by size of farms in 1951 and 1956. These tables are too long to read at this time, and I think it would be for the convenience of the house if they were inserted in the record.

Mr. Martin (Essex East): These figures are from the bureau of statistics?

Mr. Bigg: Yes.

Mr. Speaker: Has the hon. member leave to have the tables referred to printed in today's *Hansard*?

Some hon. Members: Agreed.

[*Editor's Note: The tables referred to follow:*]

TABLE 1.

NUMBER OF FARMS IN CANADA, 1941, 1951 AND 1956

—	1941[1]	1951	1956
CANADA	677,500	623,091	575,015
Newfoundland	—	3,626	2,387
Prince Edward Island	11,400	10,137	9,432
Nova Scotia	27,900	23,515	21,075
New Brunswick	29,800	26,431	22,116
Quebec	144,900	134,336	122,617
Ontario	167,200	149,920	140,602
Manitoba	54,400	52,383	49,201
Saskatchewan	126,900	112,018	103,391
Alberta	93,200	84,315	79,424
British Columbia	21,800	26,406	24,748

[1] These are estimates based on the definition of farms used in 1951.

SOURCE: Census of Canada, D.B.S.

TABLE 2.

FARM HOLDINGS BY SIZE OF FARM, FOR CANADA, 1951 AND 1956

Size of Farm	1951		1956		Percentage change
	No.	%	No.	%	
TOTAL	623,091	100.0	575,015	100.0	− 7.7
Under 10 acres	24,704	4.0	21,467	3.7	−13.1
10– 69 acres	83,264	13.4	75,409	13.1	− 9.4
70– 239 "	293,872	47.2	261,799	45.6	−10.9
240– 399 "	102,946	16.5	93,551	16.3	− 9.1
400– 559 "	48,192	7.7	46,997	8.2	− 2.5
560– 759 "	30,821	4.9	31,825	5.5	+ 3.3
760–1,119 "	22,665	3.6	24,958	4.3	+10.1
1,120–1,599 "	9,899	1.6	11,104	1.9	+12.2
1,600 acres and over	6,728	1.1	7,905	1.4	+17.5

SOURCE: Census of Canada, D.B.S.

Mr. Bigg: These tables show that there has been a great decline in the number of farms in Canada. Total acreage has not declined, but the number of farms has notably decreased with one exception, namely that in British Columbia the number of small holdings has increased.

This tendency to increase the size of our farms has a great many backers. The economists agree almost unanimously that the larger farms are more efficient. This means, of course, that you can produce more hogs in a large pen, more chickens in a large chicken house, and more cattle on a large ranch, with a corresponding reduction in the cost per head. It is also true that you can reduce the cost of grain per bushel as acreage increases.

I spent a good many years on a farm. I love the land, and so do most Canadians. It is not sentiment alone that gives us an attachment to the soil; it is a natural way of life. The small farmer on his own land is the happiest man in the world. He is healthy. He works hard. He produces natural wealth. He sleeps well, and he raises his family in the finest of surroundings. I can speak for the people in my district, some 65,000 strong, and say that our whole economy is based on the family farm.

I wish to bring to the attention of every person in Canada the fact that today the number of farmers is shrinking; the number of farm homes is declining; the number of children reared in rural surroundings is becoming fewer and fewer. Dollar efficiency is not the only question involved. We still want to draw on the farms for young men and young women who are healthy, strong and independent. I think this is an environment which must be retained. A few dollars today, properly invested in agriculture at the proper level, would help to do this.

This government is not approaching this question blindly. We have thought long and hard about this subject. A large number of hon. members who sit in this house today have a rural background, and we are trying hard to find a correct compromise between so-called efficiency and this rural way of life. I would have expected greater support from hon. members who have socialist views. They must see this trend, and at times they should be able to see that money wisely spent will help to accomplish what they claim they hope to accomplish, an even distribution of wealth. The program of this government is based on the retention of the family farm. Canada is still an agricultural country, and it is an agricultural exporting country.

Here again we have a double problem. If we decide to support the family farm this will mean it is likely to cost more to produce our goods, which will then be more difficult to sell in a fiercely competitive world market. However, I think we can achieve a happy medium. If we retain the family farm and still make sure that we produce beyond our needs and turn these products loose on the markets of the world, we can stabilize our economy at home and still be a blessing to the world at large. In order to accomplish this we have to make sure that the family farm is secure, and that is why we have gone in for support prices. We would have no need for support prices were our markets capable of absorbing the whole of our production. But it is hard to get the money down to the family farms when it is being picked up by the corporations who are competing.

We instituted a system of price support for hogs. What happened? Money poured out of the cities, and the farmers were offered an illusory security. They were told that if they worked hard for the corporations they would make more money and be more secure than they would be on their own. Then when the hog market collapsed in the circumstances—because this system always results in overproduction—the corporations withdrew their money from the market. The farmer was unemployed. He rushed to the city, and we find him on the unemployment rolls. If he had stayed on his farm and we had been able to assist him to remain independent, this would not have occurred. It seems to me that our Department of Agriculture has done well to realize that the only way to stop this process is to set a quota on hogs and reduce government support to 100 units. This is not foolproof but it does tend to cut down the extent of vertical integration in the hog industry.

There are one or two other matters I should like to deal with concerning what may be done beyond the home front. Trade is our life blood, and anything we can do to balance our trade will attack this problem from another direction. If we can retain and increase our world markets there will be a greater call for all our agricultural products, and then perhaps there will be a future even for corporation farming. In order to do this we must take steps to reduce the cost of marketing our grain, of transporting it to the lakehead and across the ocean. This must be done more cheaply and efficiently. Anything we can do to diversify our agriculture should be done. We should encourage the growth of things like rapeseed for use in the production of edible and lubricating oil. If we can get our rapeseed put on Crowsnest pass freight

rates it will not only increase the return to the farmer but will make rapeseed oil competitive in the world markets.

Rapeseed is important at the present time in terms of our trade with Japan. Japan has been taking all the rapeseed we can produce. The production of rapeseed in western Canada is leaping ahead. If we can encourage farmers to put rapeseed into production in place of wheat in relation to certain acreages it will help us balance our trade, because rapeseed sells in the world market.

Transportation is very important in getting our goods to market. In my district of Athabasca I cannot exaggerate the necessity of improved transportation facilities. In an area of 60,000 square miles, three quarters of my district is absolutely without road communication of any kind. We do not even have air communication in a great many districts. At Fort Chipewyan, a community of 1,200 people, there is no road, no railway and no airstrip. It is true that in the summer one can land on the lake and in the winter when the lake freezes over it is possible to land on the icy surface, but for a period ranging from eight to ten weeks during the year this community of 1,200 people is completely cut off. We are going ahead with organizing the district so the community can take on the responsibility of a municipal airport.

The description I have given clearly indicates that Canada is still a pioneer country. These people are not whining for government help, but they do have to have it. The government must assist them in building the necessary facilities, just as we built the railroads for their fathers and grandfathers.

Roads still remain the most important link. As all hon. members know, roads are principally the responsibility of a province, but the government of the great province of Alberta has consistently refused to assist in the outlying districts, particularly in the northeast corner of the province.

If roads are to be built the federal government will have to assist in their construction. I think it has a perfectly good reason for doing so, because in the northeastern part of Alberta we have some of the finest tourist country in the whole of Canada. We have Wood Buffalo park with 15,000 buffalo. We have some of the finest fishing lakes in the world and some of the best hunting in the country. This is virgin territory with no roads, railways or other transportation. If the federal government were to assist in putting roads in there tourists, and particularly tourists from the United States, would flock in.

Some hon. members might wonder why I mention this in relation to trade, but tourist dollars are solid dollars. This is the most important kind of trade we can get at present to balance our trade with the United States. We want tourists, and in large numbers. We are not selling tourism in Canada as we should. We do not advertise the attractions of our country, and we do not even stay home and enjoy our own country. We spend far too much abroad which could be spent at home. All hon. members from eastern constituencies have a standing invitation to visit us in Alberta in September. We want you to come, and when you return we want you to tell everyone what you saw. When hon. members have done so people will come out west in large numbers.

It is useless to talk about agriculture, trade and the need for improved transportation if we do not have peace, and so I come down to the last and I think possibly the most important subject facing us today, the peace of the world and the defence of our nation. I suggest that this subject can be handled under two headings. We must be strong at home and we must be generous abroad. I am greatly assured, after hearing the speech of the Minister of National Defence, that we have a realistic approach to the defence of North America. If we keep North America strong and free it will serve as a launching pad for the peace of the world. Nothing less than a realistic approach to the defence of this continent is of any value. This is the time not for pacifism but for realism. It is a time to get ourselves in shape, physically, mentally and spiritually to accept this challenge. I repeat, we must be strong at home and generous abroad.

To be strong at home we need a strong air force. To understand what I mean you have only to visit Cold Lake airport, one of the finest airports in the world. You should see the morale of the men there in the Royal Canadian Air Force, the finest air force in the world. These boys are worried about the future of aviation and of the air force. I have told them and the Minister of National Defence has also told them that we are going to keep them flying. We are going to supply them with the finest up to date aircraft we can, bearing in mind our ability to produce and pay for such planes. I believe we will always need them. These boys are willing to fly the planes and, as I have said, I have assured them we will do everything in our power to see that they keep their wings. So much for the need of our being strong at home.

As my second point I mentioned that we must be generous abroad. We in Canada

have learned complete tolerance. We are going to love our neighbour in a completely practical way. We intend to do our best to feed him. We have a future here in Canada to produce all the food we can as cheaply as we can and give it to the people of the world as quickly and as inexpensively as we can; but in order to do this we must bear in mind that charity begins at home. We want to take a long look at the family farm and make sure our agricultural policies are long term policies that will keep the farm family on the farm.

I think the most forward step we have taken in that direction to date has been through the provision of acreage payments. We have given the small family farmer a little shot in the arm, a bit of assistance, but it is not enough. The farmers are in need, and perhaps particularly those in my district where they have sustained three crop failures in a row and are hard pressed. I would strongly urge upon the government that again in this year of holding the line wo do not hold it too rigidly. I urge the government to see that the family farmer receives temporary support when he needs it. In my opinion he still requires this assistance to help him get back on his feet and keep him in the running.

If we take action in this regard then our policies of price supports, farm credit, emergency assistance for crops under the snow, crop insurance, land protection and rehabilitation, irrigration and all the measures we have undertaken will work out to the advantage of all Canadians. If we have a strong and healthy farm community at home we will be in a position to assist those in underdeveloped countries who require our aid.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, the budget speech affords the Minister of Finance (Mr. Fleming) an opportunity to review the national accounts of the year which has passed, to describe the financial health of the nation, and in general to give an accounting of the government's stewardship in handling the nation's business. In an economy such as ours which is based mainly on free enterprise the main duty of the government is to create as far as possible a favourable economic climate wherein free men by exercising their free decisions can operate the various kinds of business with a minimum of interference and a maximum of success.

The budget speech should therefore provide clear and accurate information in a simple form so as to be readily accessible to the public. It should also contain an accurate account of all the financial activities of the government, a forecast of the economic weather that is likely to be encountered during the coming year, and it should indicate what adjustments the government is making to meet the situation and what part the public will have to play in this regard as well.

Since no government plans or action can be successful without the wholehearted cooperation of the people it is important that the people not only know and understand what defects exist in our economy but also how they came about, what forces caused them and how these forces can be neutralized or reversed.

If we appraise the budget by these standards I think it is fair to say that while it does contain a few items that will be welcomed by the Canadian people it also has some glaring deficiencies which will cause a great deal of disappointment to thinking people who are looking for clear, positive leadership at this very crucial period in our history. I would not wish for one minute to detract any credit or commendation from the minister for his efforts to achieve a balanced budget or for his easing of the double impact of the estate and income tax on the widows and children of deceased taxpayers.

I welcome also the increased payments to the lower paid civil servants. True, it is only an item of $15 million and only about 50,000 or one third of the total civil service force will benefit from it. Still it is better than nothing and I commend the minister for doing even that. But I must tell him at the same time that it destroys the argument that he used on a former occasion when he turned down a request of the civil service because of the high cost to the government as he stated at that time. Fifteen million dollars is not a very huge expenditure and if we can afford it this year I think we could very well have afforded it last year and perhaps have alleviated a great deal of the hardship which some of these poorly paid civil servants have had to undergo in the meantime.

The minister's efforts to enable us to live better electrically will no doubt be welcomed by people setting up new homes. It will help in some measure to reduce the cost of furnishing homes and in that way offset the rising costs due to the high interest rates that have to be paid on mortgages. But while giving the minister full marks for all these points, we cannot assess them at their true value unless we know their true cost and also know the motive that lies behind them.

It is interesting to note that a surplus, which was denounced as something very wicked by the minister and his party prior to the 1957 election, has now seemed to

acquire at least a small measure of virtue. I do not know whether the virtue is to be measured by the size of the surplus. If so, we hope it will grow. But the difference between a $12 million deficit and a $12 million surplus will have a rather negligible effect on the economy and if that surplus is being acquired at the expense of hardship to certain individual Canadians or at the expense of the development of certain underdeveloped parts of our country, then I think we may very likely be paying too high a price for it. Also, if it is being acquired at the expense of an increase in veterans war pensions, which is more urgently needed at this time than in any past year, then again I doubt whether it is worth the cost. If in addition to this cost the motive behind it is purely political so that a balanced budget can be achieved before the next election, then, of course, that destroys its worth completely.

As the hon. member for Gloucester (Mr. Robichaud) pointed out yesterday, there is a great deal of disappointment that the budget indicates that nothing is to be done to ease the cost of production in the fishing industry. The suggestions made by the fisheries council of Canada in this regard have not received favourable consideration. They were very modest requests and not only very practical but vital to the welfare of the fishing industry. The removal of the tax on diesel fuel would not mean a very large cost to the federal treasury but it would wipe out a great deal of discrimination between different types of fishing vessels and at the same time would enable the fish to be produced more cheaply. Not even the insignificant request that the tax be removed on diesel oil used in generating electricity within the fishing industry has received favourable consideration even though this privilege is and has been enjoyed by the mining industry for some years. The cost of drying fish is one of the main factors which will decide whether or not we can compete in foreign markets. The removal of the sales tax on imported driers and imported parts for maintenance would again be a great help to the fishing industry, but no special consideration has been given to any of these requests.

Also, there is nothing in the budget to indicate any encouragement of the development of our resources in the Atlantic provinces. There are no special tax incentives to induce enterprises to establish themselves in the maritimes and no word as to whether there is to be a modification of the industrial development bank or whether a development corporation is to be set up to introduce a measure of flexibility into our economy. Therefore we must conclude from the budget that the maritimes, or the Atlantic provinces, must still bear the full brunt of the bad effect of tight money and, at the same time, there will be no easing of the dollar premium which is a great handicap to our fish exporters who sell to the United States markets.

It seems to me that the main criticism of the budget is that it does not show any positive leadership. There is no recognition of the problems, no reappraisal, agonizing or otherwise, of the government's policies and no redirection of our economy.

The problems of the uneven development of our resources, to which I have just referred, which is a direct result of tight money and high interest rates; the growing hard core of the unemployed during relative prosperity; the pattern of unemployment which involves a much higher percentage of the work force in the Atlantic provinces than in other parts of Canada; the dangerous balance of our trade payments, especially in so far as invisible exports are concerned; our mounting debt, public and private; the high interest rates which have been frozen for some years to come by the uncallable bonds that the minister has put on the market; the effects that we must expect through automation; all of these problems have been entirely ignored. Apparently the government is operating on the principle that if we ignore them and leave them alone long enough they will go away of their own accord.

On this score the government has no reason to be proud of its stewardship. We know from the budget that the government's estimated expenditures for the coming year amount to $5,880 million. If we look at the estimates for 1957-58, which were the last estimates introduced by the former administration, we find that the estimated expenditures were $4,827 million, exactly $1 billion less. If we study the budget papers, at page 19 we find that the total federal expenditure for 1959 amounted to $6,359 million, and that the figure for 1957 was $5,337 million, again an increase of $1 billion in expenditures since this government took office.

If we look at page 18 of the budget papers and study the effect on the taxpayer and if we exclude the investment income we find that the total amount of money taken from the taxpayers in 1957 was roughly $5,300 million, but last year the government took $334 million more than this. If the minister's estimates are right for the coming year and are as accurate as he has boasted about last year's estimates, then he will take an extra $592 million from the Canadian taxpayers. I emphasize these figures, Mr. Speaker, because they come ill from a government which made

so much fuss about waste and extravagance prior to the 1957 election, and which was elected on a firm pledge to cut expenditures by $500 million; a government which had also pledged not only to cut expenditures but to cut taxes as well. Therefore, these figures are interesting in that they highlight the wide discrepancy between the promises of this government before election and their performance since election.

If we look at the public debt—again on the same page of the budget papers—we find the same picture. In 1957 the interest on the public debt was $519 million; in 1959 it was $678 million, or $150 million more. If we look at the estimates for 1960-61 we find that the interest on the public debt is estimated at $774 million, which means an extra $250 million, which is going to be, as the hon. member for Kenora-Rainy River (Mr. Benidickson) pointed out yesterday, a millstone which will hang around the necks of Canadians for many years to come.

It is unfortunate that we have so little information concerning private debt. I placed a question on the order paper some time ago and the answer, as recorded at page 2383 of *Hansard*, showed that in 1949 the total consumer debt of Canadians amounted to $582 million, but in 1959 the consumer debt of Canadians had increased to $2,076 million. These figures are not exactly comparable because they are different kinds of dollars. But if we reduce the $2,076 million of 1959 into 1949 dollars we get $1,490 million, which means an increase of $900 million in consumer debt during the last 10 years. Not only has consumer debt and public debt both increased, but interest rates have increased as well.

At page 2672 of *Hansard* the minister made reference to productivity. He said the following:

> We must place emphasis on greater productivity and efficiency rather than on sheer size, on cost control rather than on price increases, on greater saving rather than on excessive consumption.

I have been interested in this question of productivity for some time. I spent a whole week end in the library trying to discover information on this subject. Unfortunately, however, there does not seem to be any information available. We do not know what our man-hour productivity is here in Canada either in general terms or in specific industries. We do not even know what man-hours are worked each year. However, we know that the gross national product has increased by 3½ per cent. If we take into consideration the number of people who have had jobs during the year, it would appear that there is a slight increase in our productivity. But when we take into account the extra productivity in the agriculture industry, it is doubtful whether there has been any actual increase in productivity in the other sectors of our economy.

This question of productivity is of immense importance because unless we have some information about it we shall not be able to measure the effects of automation on productivity when its impact is fully felt. At present automation has not had a great effect on Canadian industry. For most Canadian small businesses automation machines are too expensive to be employed by them. However, the time is coming when these machines will be much cheaper and will be available to small industries. That day may not be far distant. A radio report this morning indicated that it might come within the next 10 years. When it comes it is going to bring with it a whole new set of social and economic problems. What are we doing to prepare for it? Certainly one of the first steps toward the preparation must be to make a study so that we shall have at our disposal accurate information on man-hour productivity in Canadian industry.

The inadequacy of our present economic system is increased by this lack of information. It is further complicated because we do not have an absolute unit with which to measure our wealth. How would we manage if we were obliged to use a yard or a pound that was different every year? No scientific progress was possible until absolute physical standards were evolved for length, weight and volume. Yet we measure our wealth in terms of a dollar that changes, not only from year to year but during the year as well. In fact, it changes practically every day in the year.

We are living in times when it is imperative that business firms and industry should be able to make rapid and accurate comparisons of cost control, price increases, efficiency and productivity at very short notice. But how can this be done with a unit that is constantly changing? Then again the dollar is not only a unit for measuring wealth, it is in addition a medium of exchange and on some occasions a commodity bought and sold on the world market. This situation raises a question as to whether these functions are compatible with each other. Should we not therefore have a royal commission to look into this subject and bring forward recommendations that can be used at least to introduce a measure of simplicity into our system?

In conclusion I should like to commend the minister for the little bit of indirect advice

he gave to the people of Canada as reported at page 2672 of *Hansard*. This is what he said:

> Canadians can increase their own domestic capital and make this country financially more self-reliant if they are prepared to practise increased efficiency, productivity and thrift.

Then he goes on to say this, and this is the punch line:

> This responsibility falls on all levels of government, private business and individuals.

And, I presume, on the minister himself. It is true that we can do this as Canadians and we should do it. However, I think the burning question is this: Will we do it? When we are obliged to choose between the national interest and our own narrow self-interest do we as Canadians have sufficient self-discipline to put the national interest first?

I raised this question in the committee on railways, air lines and shipping a week or so ago. Mr. Donald Gordon complimented me on my altruism but he went on to say that in the hard bargaining that goes on between labour and management in working out their agreements he felt it is a little overoptimistic to expect that the national interest should be the overriding factor. However, unless the national interest becomes the overriding factor, these suggestions which the minister made will not produce any tangible effect.

Some time ago the Duke of Edinburgh called attention to our lack of physical fitness and most people in Canada agreed with him. Many editorials were written in praise and support of what the duke said. However, I think we need to ask ourselves whether this physical softness—if this physical softness is a fact—is not a reflection of our inner softness, our moral softness, our mental softness, our reluctance to do any hard thinking. If this is a fact, is it not true that most of our economic problems can be traced directly to this source?

We Canadians need to ask ourselves whether we are not a self-indulgent, pleasure-seeking, security-minded people, whether we are able to distinguish between our wants and our needs and whether we have the necessary self-discipline to make the right decision with the right motive.

As I was coming to work this morning I met a friend who told me a story about a farmer, and he used this story to illustrate the people's attitude toward government. This story came to my mind as I listened to the hon. member for Athabasca (Mr. Bigg) who preceded me in this debate. Illustrating the people's attitude toward government generally, he pointed to a litter of pigs in his pen and said, "That is just like it: those that are not sucking are squealing". And there may be a lot of truth in that statement.

In any case, if the minister's suggestions are going to bear any fruit, what Canada must have is a new concept of living, a new sense of purpose, and above all a new unifying idea which will enable us all to rise and work concertedly together, not only in the national interest but in the interests of the world as a whole.

Two weeks ago there was distributed to every home in Canada a little pamphlet called "Ideology and Co-Existence". I hope every Canadian will read this pamphlet not once but many times, because it not only describes the problems of mental softness and moral softness and the dangers inherent in them, but it also provides the answers to those problems as well.

Mr. J. C. MacRae (York-Sunbury): Mr. Speaker, my first words in contribution to this debate must be to compliment the Minister of Finance (Mr. Fleming) upon his budget and his presentation of it. There is no question that in the next few weeks, perhaps the next few months, there will be many things said about this budget, many things complimentary and many things which are not complimentary. But over the week end I read these words in one of Canada's greatest newspapers in describing the budget which had been brought down. This newspaper said, "It was sound, it was solid, it was business-like and it was competent". I think those words are most applicable not only to the budget, to the minister and to his handling of his department, but also to the government of this country as it is constituted today.

In discussing the points which are brought out in the budget there are only two that I would like to discuss at this time. The first is the raise given to the civil servants. I think a very fine thing was done by this government in giving a raise to 50,000 clerks and those who are lower paid. I think they will welcome it; I am sure they will. I know that the representations which I have had from my own constituency in which there is a fairly high percentage of civil servants have been most reasonable at all times, and I know they will welcome this particular move on the part of the government. I think, too, that the review of civil service salaries in cycles and by groups is the correct and proper way to approach this particular problem.

I am distressed, as I am sure most thinking Canadians are, by the attitude which has been taken by certain of the leaders of the civil service association and the civil service federation. The language they have used as

reported in the press over the last months is something you would expect to see perhaps in the *Canadian Sailor*, or something of that category. Of course, I am sure these gentlemen are honourable people, but they are trying to justify their own salaries as all union leaders try to justify their salaries. I think they have said many things which should never have been said. They should realize that this government will not be bludgeoned and bullied into doing anything. I think all Canadians are learning that the government will treat everyone fairly at all times.

There was another point brought out in the budget, and that was the relief given to the textile industry, especially to cotton milling firms. That was especially interesting to me because in my constituency we have a small cotton milling town which has been having a rather difficult time. We used to say years ago that you should never reinforce failure. Well, you should not, but I do not think the textile industry in this country should yet be considered a failure. I think it can be saved even in the face of competition from Japan, United States and other countries. This measure was most welcome to me and I am sure to the people of my constituency also.

For the few minutes I have today I should like to discuss a subject which is very dear to my heart, and that is the economy of Atlantic Canada, our maritime economy. I suppose that Upper Canadians, or sometimes we just call them Canadians, are tired of listening to this but it is something about which we feel very strongly. All of those who live in Atlantic Canada are interested in that part of the country and wish to stay there. Their roots are there and they would like to have their families remain there. We know that at confederation the maritime provinces were the most wealthy part of this country and the most heavily settled. We know, too, that in 1864 they were planning a maritime union. The father of our country, Sir John A. Macdonald, heard of this and hurried down to persuade them that rather than unite they should come into Canada as they were. Then in 1867 New Brunswick and Nova Scotia, along with Upper and Lower Canada, that is, Ontario and Quebec, united to form this great dominion. But this was not accepted by our people entirely. Of course, now they have forgotten, although peoples' memories are long and these things are handed down, but they hung black crepe on the doors in Halifax and Saint John on the first day of July, 1867.

From 1867 up until perhaps 1950 our economy has never been able to keep pace with the rest of Canada. We have dropped steadily back from an economic point of view. We know, of course, what our contribution has been to this country in war time. Those who met the men who served who came from the maritimes in the two great wars, great numbers of them, know the contribution they made. We all know what their contribution has been in peace. Great political figures have come from the maritimes to lead this country. Nova Scotia provided three prime ministers of Canada including the great Sir Robert Laird Borden. New Brunswick provided Richard Bedford Bennett and a prime minister of Great Britain, Bonar Law. We have provided industrialists, leaders of the church, of professions and education, such as the late Hon. Sidney Smith, so recently deceased, and other men of that calibre.

But this is changing. During the last decade in the maritime provinces there has been progress, and there has been progress for two reasons. I think the first one is that the people of Atlantic Canada are trying to raise themselves economically by their bootstraps. In fact they sometimes refer to it down there as "Operation Bootstrap".

One of the steps taken, and there are two I would like to discuss, has been the meetings of the Atlantic premiers which were instituted some seven or eight years ago, when the premiers of the four Atlantic provinces, regardless of their party affiliation began meeting to try to work out and do something about their mutual problems. Our own able and distinguished premier of New Brunswick, Hon. Hugh John Flemming, has always taken an active and leading part in these conferences.

Then there is another body which I have mentioned before but would like to mention again, the Atlantic provinces economic council, which was founded in 1954. Many things have been said about it, but here is a quotation from one of the Ottawa papers:

> The letters "APEC"—

They stand of course for Atlantic provinces economic council.

> —spell out a symbol of a new and united determination of the Atlantic provinces to force consideration . . . and correction . . . of economic problems of that area upon the rest of Canada. This is a citizen body now busily working to inform and consolidate public opinion behind the proposals of the four provincial governments for the development of these provinces.

From their statement of policy I should like to put a few words on record in this house as follows:

> What APEC is.
>
> The Atlantic provinces economic council is a voluntary association of industry, business organization and of individuals. Its objective is the raising of the economic status of the Atlantic provinces region.

APEC is non-political and non-profit making. Its basic idea lies in the man with an idea, an organization with a plan, a government with a policy, and is designed to produce economic betterment within the region and the Canadian nation as a whole. Just as in any organization where there are only men, it is always strengthened and made better because women take some part. The women of the Atlantic provinces now have their own women's Atlantic council.

Last September the annual meeting of the Atlantic provinces economic council was held in my home city of Fredericton and I had the opportunity to attend. I was amazed at the amount of work which these businessmen, leaders of the professions and others were doing. It is hoped that at the annual meeting in Halifax this fall there will be in attendance all the maritime senators and members of parliament.

Another excellent step which was taken because of APEC was the formation in London, England of the Atlantic provinces office under a very able businessman, Watson Jamer, who has already been successful in bringing some industry to Atlantic Canada. I was interested in a report in the press with regard to the possibility of further development of mineral sites in northern New Brunswick. Some of us believe there is a reserve of minerals in this area second to none in the world. The mines there which have been quiescent for the last year or two because of economic conditions affecting minerals will be going back into production, and that is most encouraging news to us.

Yes, we are showing initiative now in Atlantic Canada, and we are taking action with regard to our economic problems. We have one of the greatest basic assets—a stable, eager work force. We have electric power, and all we need is industry.

I should like to say that this government has done much for us since 1957. The equalization grants have been of great help in providing the money to do things which otherwise we could not have done; the aid given to our province in respect of electrical development—the building of thermal plants and transmission lines—has also been extremely valuable. I should like to quote a few figures which I have assembled in preparation for my contribution to this debate showing the expenditures in New Brunswick in two contrasting years. I will use the two years 1955, under the previous administration, and 1959. The comparison is interesting.

Department	1955	1959
Agriculture		
Acquisition of buildings	$ 42,000	$ 346,000
Finance		
Compensation in lieu of taxes	17,000,000	30,000,000
Payments to municipalities	218,000	925,000
Fisheries		
Fish culture and development	155,000	204,000
Research	449,000	803,000
National Health and Welfare		
Hospital and health grants	1,400,000	1,700,000
Northern Affairs		
Construction of buildings	113,000	597,000
Forestry operations contributions	19,000	61,000
Spruce budworm program	314,000	452,000
Public Works		
Construction and improvements	1,790,000	5,000,000
Trans-Canada highway contributions	510,000	11,000,000
R.C.M.P.		
Acquisition of buildings	142,000	400,000
Transport		
Acquisition of buildings and vessels	289,000	2,410,000

I have used round figures because I just wanted to point out the things which this government is doing for the Atlantic provinces.

I have, too, a clipping from a recent newspaper containing an article from the Canadian Press which reads as follows:

> Private and public investment in the Atlantic provinces is expected to reach a record $563 million in 1960, the Atlantic provinces economic council said today.

I should like to say a word about York-Sunbury, my own constituency. This has been the most successful year, I believe, in the history of that part of New Brunswick. I mentioned earlier how happy the people of Marysville would be over the tariff protection which is now to be accorded to their products. The Minto coal field in central New Brunswick has produced more coal this past year than ever before in its history. The new town of Oromocto beside Camp Gagetown continues to grow. We hope the new Department of Agriculture research station, costing nearly $2 million, will be ready this fall. We are experiencing a building boom second to none in our history.

Unemployment has been mentioned in this house on many occasions. It is true there are men and women who are unemployed in Fredericton as elsewhere, but I should like to tell the house about something that happened a few weeks ago. The daily *Gleaner*,

the Fredericton newspaper, offered as a public service to those who were unemployed, the opportunity to advertise in its classified columns without cost if they wanted work. There were some 2,400 men and women drawing unemployment insurance benefits. After a few days had passed, and it had become known in the area that men and women could advertise without cost to themselves in the local paper, I decided to see how many people were actually advertising. The results were interesting. The first day I checked there were 17. The next day there were nine, and of these nine, most were repeats from the day before. One was the advertisement of a lady attempting to get pupils for piano lessons, and another was that of a high school girl who wanted to do baby sitting. I think there is a lesson here which we should take into account when we think of our unemployment figures today.

Another point which I think should be mentioned is this. I do not think unemployment should be used as a political football. I can remember the time after the election of 1957 when perhaps on occasion discussion in this house became acrimonious. In particular, I remember well one night when the opposition asked for unemployment figures. They were given, and they were considerably higher than they had been. As a matter of fact, they were higher than many of us would have liked to see. I recall that there were members of the Liberal opposition at that time who, like Horatius on the bridge, could scarce forbear to cheer. I remember only too well two of them in particular who did cheer at that point, the former hon. member for Portneuf and the former hon. member for Charlotte. Neither of them were here after March 31, 1958.

As I have said, we are raising ourselves by our bootstraps in the maritimes. However, there are one or two matters which I should like to bring to the attention of the government, things which I feel might be done to help us down there. I may say that none of us want any part of Canada to be a second class area. There must be no second class Canadians and no second class areas of Canada. First, I should like to suggest to the government that more defence orders and public service contracts should be allocated to maritime firms. I suggest this might be done along the same lines as it is done in the United States. In each defence department procurement agency there is a small industries division which can set aside all or part of a government order for military supplies for tendering only by small firms if it is felt these companies can do the job. Most of these small industries are to be found in the retarded areas of the country.

In addition, the 6 per cent preference given under the buy American act to United States firms over foreign companies in bidding for government orders is extended to 12 per cent in the case of labour surplus areas. Before awarding any contract for government supplies to a firm in an areas that has no unemployment problems, any bidder from a labour surplus area whose tender has been within 20 per cent of the successful firm is given a second opportunity to match the latter's price and get the order. The federal government's recently instituted policy of calling for tenders from maritime shipyards only for the building of certain vessels for service on the east coast is a step in the right direction.

Second, we hear much about freight rates. It is our firm belief in Atlantic Canada that there must be a revision of the freight rate structure. As there is a royal commission studying this particular matter perhaps it would not be apt at this point to discuss it further but we certainly hope that the commission will see fit to recommend that provision be made for doing something about our freight rates and the difficulties they impose.

With respect to a capital projects program, we have three pet projects in the maritimes at this moment. First there is the Chignecto canal which we sincerely hope engineering and economic studies will prove should be built. I think all hon. members from the Atlantic provinces regardless of party affiliations stand firmly behind it. There may be one or two exceptions but I know that all those who come from New Brunswick stand behind it completely.

The second project is the causeway which, if it were built, would join Canada to Prince Edward Island. There is a difference there, you will see, between joining Prince Edward Island to Canada and joining Canada to Prince Edward Island.

Finally, there is the corridor road project. This is a plan to build a road across central or northern Maine which would link the maritimes with Montreal and central Canada.

I wish to advance the suggestion that provision should be made for low rate capital loans for new industries and the provision of income tax concessions to industries that might locate in the maritime provinces. We have an economic problem there and there is no question about it. I suppose the government of a country can grow too large but I should like to suggest to the distinguished leader of our government that perhaps the time has arrived when there should be appointed a minister of Atlantic affairs just as we have a minister of northern

affairs. We have the problems and we have the men there to solve them under proper direction. If that suggestion were not practical I would suggest as an alternative that a department of government be set up to deal with Atlantic affairs possibly under the jurisdiction of the Minister of Northern Affairs and National Resources (Mr. Hamilton). I think that suggestion commends itself and I would ask the government and the distinguished leader of our country to take my suggestions into consideration.

In conclusion, may I say that the decade that has recently concluded has been one of awakening and of renewed hope in Atlantic Canada. Under the able leadership of our Conservative government we are now confident that many of our hopes and aspirations will be achieved in the decade we are now entering.

Mr. Pickersgill: Mr. Speaker, I rise on a question of privilege affecting everyone in this chamber. There is a horrible draft at this moment in the chamber.

Mr. Frank Howard (Skeena): Mr. Speaker, I wonder if the remarks of the hon. member for Bonavista-Twillingate (Mr. Pickersgill) relate in any way to the fact that I am rising in my place or to the fact that the hon. member for York-Sunbury (Mr. MacRae) has just resumed his seat.

In the few brief minutes at my disposal before we reach the private members' hour perhaps I may make a few general comments about the reference in the budget to increasing the salaries of some civil servants. I refer to the $15 million interim payment to some 50,000 civil servants and following that, as I understood it, a class by class review with respect to other civil servants. This sounds like a job evaluation study or a co-operative wage study as referred to in private industry in which each job—for instance, that of a stenographer—is assessed and assigned a certain position in the wage structure. A job evaluation program is complex and requires great study and negotiation between union and management and does not occur overnight.

I understood that this was to be one of the functions of the pay research bureau. I understood it was to assess jobs in the public service and relate them to like jobs in private industry evaluating the differences and making recommendations for adjustments in the wage scale applicable to each job category.

The bureau some time ago completed a full year's study in this field and made recommendations through the unemployment insurance commission to the Minister of Finance who promptly shelved it and said he would have nothing to do with the recommendation. Now the bureau is again carrying on the same function for next year. It makes one wonder if the $15 million arose out of the recommendations of the bureau or if it is just a figure the present minister took out of a hat for a particular purpose and not to equate wages in the civil service and industry.

If the $15 million arose from the recommendations of the bureau surely the minister is duty bound to make the report public. If he insists on keeping it as a secret document we are entitled to draw other conclusions.

Mr. Speaker, may I call it five o'clock?

PRIVATE BILLS

JOSEPH ALPHONSE YVES JEAN GABRIEL LALONDE

The house in committee on Bill No. SD-35, for the relief of Joseph Alphonse Yves Jean Gabriel Lalonde—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Howard: Mr. Chairman, the last three or four bills we have considered have involved the same individuals as investigator and as counsel for the petitioner and certain patterns have developed as a result of the functions of these two gentlemen. This case is again one of those in which children are involved. There are two teen age children. There is reference in the evidence to where they have been living, with whom they have been living and so on. I do not wish to suggest that there is anything whatsoever wrong with the existing arrangement. In 1955 the petitioner received a legal separation from the superior court of Quebec and was also awarded custody of the two children at the same time. This couple have been separated since 1949.

From reading the evidence it would appear on the surface at least that the attitude and activities of the respondent or mother were not in the least in keeping with what one would expect of a wife and mother. Apparently she absented herself from the home at times and went with people other than her husband. This behaviour continued for quite some time. She would go away for a few days at a time. They have been separated for some 11 years and the father has had the custody of the children. I do not wish to draw any conclusions with regard to this arrangement but certainly after a separation or divorce, regardless of which parent has legal custody of the children, I think the other parent should have the opportunity to spend time with the children because after all the children are theirs.

But with this background and having in mind the fact that in 1955 the father obtained a legal separation and custody of the children, none the less the evidence given to the Senate committee by the petitioner or father indicates, as shown on page 15, that one of the children, the daughter, has lived with her mother at times in New York, Montreal and Ste. Adele. Apparently the daughter moves back and forth from the father to the mother. Regardless of the legal position with respect to custody of the children, it would seem that this situation has existed for some time.

In this case there was also some discussion between the husband and the wife about a divorce. I intend to read the evidence to indicate precisely what the discussion was. I do not want to run afoul of the hon. member for Halifax and have him accuse me of selecting phrases and words out of the evidence in order to paint a particular picture. I suggest to him that in all fairness I have not attempted to do that on any occasion, and if the hon. member for Halifax is going to rise and suggest that is what I am doing in this case then my only alternative is to read all the evidence into the record, which will take considerably more time. There are two references with respect to the discussion about divorce. As found on page 14, Mr. Joyal, counsel for the petitioner, asked the petitioner questions about arrangements. He said:

Q. Did you make any arrangements with your wife so that she might give you evidence for the purpose of obtaining a divorce before this committee?

A. No. In 1956 she came back to Montreal, about four or five months after I found she was in Garden City. She came back and phoned me and wanted to meet me. She said that if I had no objections she was going to take divorce proceedings and I said, no, and she wanted to see a lawyer and apparently she did not go through with it.

Apparently the wife wanted to make some arrangements for a divorce but the husband said no, he did not want to have anything to do with it. Certain other evidence found on page 13 is probably connected with the desire on the part of the wife to obtain a divorce. About a third of the way down the page Senator Isnor asked this question:

Q. Who was the man? Were you given the name?

This was after the petitioner had indicated that he had found out that his wife was living with someone else. The petitioner replied:

A. His name was . . . She was living with him at—

Then he gave the address in Garden City, Long Island.

About a year afterwards she was in the Laurentians and she came to my office and introduced this Mr. . . . to me. I thought that was a little odd.

He may have thought it a little odd but I think we are entitled to wonder whether or not this was also an indication on the part of the wife that she was desirous of getting a divorce, that she wanted to show him the particular person she was living with and perhaps indicate that everything would be all right one way or another if they could get a divorce.

Then there is the evidence of the investigators and again we have Mr. Charron who has acted in a number of these cases. His evidence is again stereotyped and it makes one wonder whether or not what he says happened is in fact all that occurred. Again I must say that I did not hear the remarks that the hon. member for Halifax made from his seat on the last occasion when these bills were being dealt with but in looking at *Hansard* I find that he inquired whether I never believed anyone who testified under oath. That is not the case at all, neither in this nor in any other instance. This is the evidence given by Mr. Charles Charron and he is bound by it. When one questions that evidence one is not saying that the evidence is incorrect or that Mr. Charron has perjured himself, but it may well be that the full story has not been told. There is often quite a difference between being told the complete story and only part of the story. Where the evidence is not clear, where there are incongruities or strange things seem to exist, we are entitled to wonder about these things and relate them to the other activities in the case. I do not know whether Mr. Joyal or the members of the Senate committee did not want to deal with these things. I think it is necessary to refer to the full examination by Mr. Joyal of Charles Charron, the investigator, and I read from the evidence:

Q. I show you exhibit 2 in this case, which is a photograph?

A. That is Mrs. . . . That is the photograph I had at the time of the investigation.

Q. What investigation did you make with respect to her?

A. I got all the information from Mr. Hetu—

I am jumping to a conclusion here but I believe he was the lawyer who arranged the legal separation in 1955.

—that she was living in New York at . . . Garden City, Long Island, so I went there.

Q. What date?

A. On the 18th of February, 1959.

Q. What happened?

A. We went to . . . about 8 o'clock in the morning—

When he says "we" he is talking about himself and his partner Mr. Morin. I continue:

A. We went to—about eight o'clock in the morning and at nine o'clock we saw a man come out and he went away. We stayed there and at 10.30 we saw a woman come out, Mrs.—the lady on that picture, and she went to a shopping centre not

far from there. She had her dinner at the shopping centre, in the restaurant, and came back home with some parcels at 2.30 in the afternoon, and at six at night we saw the same man who went out in the morning come in and at ten o'clock we saw the light go out and at 11.30 we went to the door and there was a big mailbox marked, "—" on the mailbox.

He refers to the name of the corespondent. I continue:

We rang the doorbell several times before the same man we saw going up there at six o'clock came and opened the door. We went in.

All the way in; there was no argument at this stage about asking who he was, or what his name was; he just went in. He went not only in through the door, but into the bedroom. He said:

We went to the bedroom on the left hand side and Mrs.—was lying in the bed, a full size bed. I went near the bed and said, "You are Mrs.—?". She said yes. I showed her the photograph and she admitted that it was a photograph taken of her. So I says to the man, "You are Mr.—?" And he admitted it and he says, "What's this for?" And I told him it was divorce proceedings that Mr.—was taking against his wife, so the man started to get mad and pushed us out and we went out.

Finally, after all of this the man started to get mad. This is very stereotyped sort of evidence that Mr. Charron is quite adept at giving. He seems to glory in it, after having discovered probably that this is the type of evidence that is necessary to meet the tests established by the other place with respect to divorce.

I point out again, if I may, Mr. Chairman, that here are two strangers, unknown to the respondent and the corespondent. Not only that, they are not in the same city and often not in the same country. They are in New York, in Garden City on Long Island, and at 11.30 in the evening after the lights have been out for an hour and a half—and I assume that if this couple were living together as man and wife, as the evidence would indicate they might well have been asleep by that time—this man rang the doorbell several times and a gentleman came to the door and opened it and the two strangers walked in. They walked into the bedroom and asked questions. They asked the lady in bed what was her name and to identify the picture. They got an admission from her as to who she was. Then the man started to get mad, after all this had taken place.

As I indicated before in another case, this might well happen in one instance, but I submit it is stretching coincidence a bit to assume that in every case that Mr. Charron gets involved in the self-same things occur. He goes to a door; he knocks on the door; someone opens it. He walks in to the apartment, the house, or whatever it is. He walks into the bedroom without being asked one question by anybody. He inquires of whoever is in bed what is his or her name. He shows a photograph, and then suddenly the individual who opens the door starts to get a little mad. Perhaps I should express these doubts. I doubt very much whether Mr. Charron was telling the exact truth when he made that statement. The man might have got mad in one particular case, but I do not think you could stretch it to the point of saying that it was absolutely true in each case that Mr. Charron happens to be involved in. I doubt whether this is what occurs.

I submit also that the evidence given by the petitioner is not quite accurate. The wife came back to Montreal in 1956, and about four or five months after her husband discovered that she was in Garden City. She came back and said she wanted a divorce; she was going to take divorce proceedings if he had no objection. On another occasion she brought the gentleman with whom she was living, the corespondent in this case, to the petitioner and introduced him. I submit that in this case there was agreement. There is no argument. There is no contest, and she undoubtedly was not the least bit surprised, neither was the corespondent, when at 11.30 at night a couple of strangers came knocking on their door, walked into the bedroom and asked them what their names were, showed them photographs and then left. I submit there is quite a bit of understanding with respect to this particular case in so far as getting the evidence before the committee is concerned.

There is one other incident which makes one wonder, not about this particular subject matter of divorce but about another matter submitted in evidence. I do not want to put a construction upon someone's words to express what was not there or a thought that was not there, but a particular word or phrase is used which in some circles is taken to mean, not something dishonest particularly but the putting on of a show in order to obtain a certain thing. In some circles it is called a front. When someone puts on a bit of a front it leaves the impression that he is a pretty decent chap, and so on, or that he is using it to gain some other end. This is commonly referred to as a front. This gentleman used this, and I wonder whether it might not be the subject matter of some investigation. At page 13, Senator Isnor asked this question:

Q. Do you still support her?

A. No, I am not supporting her because in 1955, having to make a request to the board of governors of the Canadian Broadcasting Corporation for a radio station, I wanted to put up a front in the Laurentian where I intended to establish a radio station, and I ordered a house built for her in Ste. Adele.

I do not know that there is anything wrong with that. The use of that word would indicate that he wanted to leave an impression with the board of governors of the Canadian Broadcasting Corporation that he was established in this particular area so that he might get a radio station. This might well require some investigation by the Canadian Broadcasting Corporation in order to find just how people happen to get radio stations, and whether it is necessary to put on a front to get them.

This is quite apart from adultery in the case itself. Because of the activities of this particular woman during the period of their marriage when they were living together; the husband coming home and finding someone else in his place; the wife being away for a few days and living with another gentleman, and so on, this might put a different complexion on the case. Apart from this, though, apart from the fact that it looks as if there were some arrangement, there was no surprise to the respondent and the co-respondent to find someone knocking on their door at 11.30, and so on, and walking in and asking certain questions about divorce, I submit there is a great deal more to talk about than the conduct of the wife herself.

Mr. Peters: I should like to say a few words on this case because it is unique in that this is the first time there has been an international incident in relation to one of these cases that has come before us. I am greatly surprised that in the state of New York there does not seem to be more objection taken to the method of operation, as outlined by the hon. member for Skeena, of detectives in relationship to the rights of privacy and private property. Something that surprises me in this case is in connection with Mr. Joyal. First I should like to inquire whether Mr. Joyal is the lawyer in these particular cases or whether he is only retained as counsel who handles them in Ottawa and the legal case is handled by somebody else, and that all he does is to present the case. Maybe the sponsor of the bill would like to answer that question.

Mr. McCleave: Yes, Mr. Chairman. Mr. Joyal is an Ottawa lawyer. It sometimes happens in these cases that a Montreal notary—as I think the description is—will start the case and will here counsel here in Ottawa.

Mr. Peters: I thank the sponsor for that information. I think it excuses Mr. Joyal in some respects, in relation to his questions, as to which he might not otherwise be excused. But I am rather surprised that the legal counsel always get answers to the questions they ask. In this case in particular one of the senators, namely Senator Isnor, asks a question in two separate instances and these questions are not answered. I checked back over some of the other cases in order to find out whether this had been an instance where the *Hansard* reporters did not get the answer or just did not follow it. I find that when this is done the *Hansard* reporter or the clerk who is taking down the verbatim report always puts at the end of the question a notation to the effect that an answer was made but it was indistinguishable to the clerk or the reporter. In this case, for instance we find the following questions asked by Senator Isnor:

Q. What do you mean by Montreal?—Where do you say your daughter is?
A. She is in Montreal living with her mother.
Q. How long did you live and cohabit together after your marriage?
A. How long?

This question, of course, is not answered. The question is re-asked:

Q. Roughly, how many years?

There is no answer to the question. We go on to page 13 of the evidence and we find that Senator Isnor again asks the question:

Q. Did she occupy the home you had built?

There is no answer. I am surprised that the senators, when they did not get answers to these questions did not pursue the questioning a little bit further.

There is something else about which I should like to inquire in connection with this matter. In this authority by W. Kent Power entitled "The Law of Divorce in Canada" I read on page 30 some of the statutory bars in general that would prohibit divorce. It states as follows:

The absolute statutory bars to the granting of a divorce are connivance, condonation and collusion. If the plaintiff is shown to be otherwise entitled to a divorce but the evidence establishes connivance, condonation or collusion the decree must be refused.

They refer to a case in Alberta of Emeny *v.* Emeny in 1929. I suggest that maybe we have here quite a few instances of enemy versus enemy and sometimes friend versus friend; but the indication would be that if it is a case of friend versus friend, probably no decree should be granted. The quotation continues:

As courts can act only upon evidence, the trial judge cannot refuse relief on the ground of an absolute bar unless the evidence is such as to satisfy him that the bar exists; a mere suspicion that it does is not enough.

Then at page 31 it goes on to state as follows:

In an undefended case, the limits of the trial judge's inquiry, either by constituting himself a cross-examining counsel or otherwise, must be left to him; and if the view be correct that there is a

provisional presumption against condonation, connivance and collusion it would seem that the better practice is for the judge himself to question the plaintiff on those points in the first place.

I think that indicates quite clearly that if the courts are handling these cases consideration is to be given to some of the constitutional bars. Because the courts are not hearing these particular cases I suggest it is the obligation of members of parliament to do the best they can in order to satisfy themselves that these statutory bars, as long as they are in our divorce act, are observed. I should like to read from the evidence as it was brought out by Mr. Joyal at page 12 where he starts his questioning:

Q. Are you living with her now?
A. No.
Q. When did you stop living with your wife?
A. September, 1949.
Q. You have not cohabited with her since?
A. No.
Q. Could you explain to the committee briefly what was the occasion that led to the separation in 1949?
A. Well, between 1940 and 1949 I was a singer and master of ceremonies for radio and nightclubs and I often had to go out of town to perform my contracts and when I came back home several times there was somebody else in my place. That is one of my reasons for the separation.

This may have been grounds for separation but it would not necessarily constitute grounds for a divorce unless he was willing to prove that adultery had taken place and also was willing to prove that not only had adultery taken place but that adultery had taken place which he had not condoned. The questioning continues as follows:

Q. Did this behaviour on the part of your wife continue over a long period of time? Was it something that was repeated?
A. Oh, yes. For a year and a half or two years after our marriage she kept going out late at night and even going off for a few days.
Q. But you continued to live with her nevertheless?
A. Yes, until 1949.
Q. And that is when you finally separated?
A. Yes.
Q. And you have been living separately and apart from each other since that time?
A. Yes, since that time, September, 1949.

It would appear that during this time adultery was continually taking place. The questioning did not bring out the information as to with whom she had relations but it likely can be assumed that it was at least in some instances with the corespondent in this case. If this is true, it would indicate that condonation had taken place on a particular occasion. In other words, he had condoned this particular offence on a number of occasions and this would indicate that he had changed his mind and was not going to approve it after 1949, while at the same time he had done so for a number of years from 1940 to 1949.

This authority which I hold to be the leading one on divorce, at page 87 points out under "Discretionary Bars" in section 14, "Conduct Conducing to Adultery" as follows:

The wording of the act of 1857 (sec. 31) with respect to this discretionary bar is "such wilful neglect or misconduct as has conduced to the adultery". Such conduct must have been after the marriage. It has also been seen that, even when adultery, cruelty or desertion is set up as a reason for refusing the decree, the question whether it conduced to the defendant's adultery is a vital factor for consideration.

It goes on to point out that the court has to be very satisfied in a case of this nature as to what the wife's conduct was. Although it does not say this, it is indicated that the wife's conduct would come under common prostitution. Even if it was not the same person each time, we would at least be able to assume that she was promiscuous. It is pointed out that if this is the case then the judge must exercise a great deal of discretion in his own right. Therefore, Mr. Chairman, in this case I would think this committee must exercise that right and decide whether it would be advantageous to the welfare of the state and the community in general to grant this particular divorce.

On page 73 there is reference to a discretion being exercised in favour of an adulterous wife although she has been living a life of prostitution. Mr. Justice Bucknill said:

The most difficult part of the case is the fact that she continued to live in this way right on from 1928 to 1934, after she left her husband and at a time when she cannot say her husband was in any way forcing her to do this, or that he was in any way directly or indirectly responsible, except in this way, that he had, in my view, made it impossible for her to go back to him. He had failed to provide her with a proper home and failed to keep up the payments of 25 shillings a week which he had covenanted to do. That being so—

The Deputy Chairman: Order. I must remind the hon. member that we are considering the evidence of this case in committee, Bill No. SD-35, not other cases.

Mr. Peters: Mr. Chairman, I am trying to point out that this particular type of offence had occurred continually from 1940 to 1949. At the same time it would indicate that the husband was quite satisfied to live with her up until 1949. What we are saying is that he condoned her actions for nine years, and if he condoned them he has no right to decide that he is not going to condone them in the future, that it now becomes adultery although it was acceptable before. The law as such is quite clear about this. Condonation of a matrimonial offence means the forgiveness of the offence with full knowledge of the circumstances, followed by the reinstatement of the offending party to his

or her former state; subject, however, to the implied condition that no later offence has been committed.

Mr. McCleave: That is the point.

Mr. Peters: In this case he points out that in 1940 when he was away he found someone was living at his home and he condoned it. I would suggest you cannot condone it for a period of time and then all of a sudden decide it is an offence. If you condone it once and there is a repetition—

Mr. Stewart: No. You can only have condonation after the offence.

Mr. Peters: The hon. member knows more about it than I do, I am sure, and it is probably true that you can condone it once and forgive the party. Then next time you do it all over again. That may be true, but I suggest a period of nine years elapsed when this was the case and it was condoned over the whole of that period. Then he decides he wishes to get a divorce, and I suggest you cannot condone the same offence. There is no evidence which would indicate that it was not with the same person.

I suggest we should not accept the argument that adultery was being committed over these years, and that when it continued beyond the time it suited him that he has the right to say he is now going to object to it. Because it would indicate that he probably had established relationships elsewhere, and that he wanted a divorce rather than anything else.

In this treatise of what condonation involves the following is stated:

> If a husband comes to one decision and means to act upon it, and then afterwards says, "Well, notwithstanding that I arrived at that decision and acted upon it, I am now going to take another line," it is clear that so far as a man is concerned, there is no going back.

In other words, if he condones an offence he has, in my opinion, to continue condoning it. If the wife got another boy friend I would suggest he might not be so happy to condone it as previously, but I think that is another line of thought altogether. I am sure we can legitimately pursue that line in this case, because he did not indicate that there was a different man with whom the wife was continuing to commit adultery from 1940 on. This treatise goes on:

> One act of marital intercourse would always be construed as condonation. But in the case of a woman the courts have been far more lenient. The petitioner seems to have tried out the idea of returning to him, and having tried it out, altered her mind with the thought that perhaps after all she would like to go on with her proceedings.

This was in reference to a case where the lady had considered the divorce, as in this case, and then decided that the arrangements were worthy of consideration and she decided not to go through with the divorce even though she had considered it for some time. Before I leave this I would like to refer to another part. It says:

> Since condonation is a conditional forgiveness it must be distinguished from the irrevocable forgiveness conferred by a Rose *v.* Rose clause in a deed, or perhaps in a mere agreement supported by consideration whereby the parties covenant that no past offence shall be pleaded or admissible in evidence in any proceedings between them. What shall or shall not constitute condonation cannot be determined beforehand by agreement between the parties. Knowledge of the offence is essential to condonation and knowledge must be distinguished from suspicion. Therefore, condonation of an adultery of which the plaintiff was aware with one person does not condone adultery with another person of whom the plaintiff was not aware.

As will be seen from the evidence, there were a number of men involved in this case. Forgiveness of the offence is always complete forgiveness, and no further reference can be made to such an offence as far as the granting of a decree is concerned if the couple continue to live together. However, there may be some substance in what hon. members who are more learned in the law than I am have said, namely that each act of adultery may constitute grounds for a divorce decree. Therefore it might be possible that all the offences cannot be lumped together, as I would suggest they might; that any adultery committed would be grounds for divorce, and if it happened a hundred times it would be no different to it happening once. In this particular case application was made nine years after separation.

I am very unhappy about the fact that the Senate in dealing with the evidence in this case did not establish what the courts of Quebec had found with regard to the separation charge, because it would seem to me that if adultery had been charged and proved in Quebec we would not have too much difficulty about granting this divorce. I am concerned over the fact that the Senate has not given more consideration to the evidence as it was presented to a previous court. Since evidence with regard to the separation was admitted in the Senate, I think there was an obligation on the lawyer concerned to ask what the superior court of Quebec had done with regard to this separation. If a separation had been granted on an adultery charge, then the Quebec court would, of course, have taken into consideration the question of condonation with which we have been dealing. If they did not take that into consideration I think we should ask that this case be referred back to the committee until such time as inquiries have been made regarding the action taken by the superior court in Quebec in respect to it.

There is another point of law which does not seem to have played a large part in the determination of divorce cases in the past, and that is the question of delay. This couple ceased to live together. This probably happened, originally, in 1940, but the adultery at that time was forgiven. Adultery happened continually over the years, and then we find Mr. Charles Charron, a private investigator, going to another country and establishing an adultery charge which appears to differ in no way from the adultery charges that were continually being made over the years. This gentleman did not come to parliament and ask for a divorce until 1960. I presume, of course, that he started the case in 1959—

Mr. McCleave: March 17, 1959.

Mr. Peters: March 17, 1959. I would imagine that if we granted this application it would be a good St. Patrick's Day gift to the gentleman, if he is Irish. But that is an aside. We are concerned with this question of delay. This is a question which enters into these divorce cases in the same way, I presume, as it enters into other cases. It appears that the petitioner had not made up his mind as to what he wished to do. It may be outside our jurisdiction even to ask him what he has decided to do. However, there would seem to have been a great deal of delay between the date when a divorce was sought and the first occasion upon which one of these offences was committed, even if we take the 1949 date.

On page 82 of the Law of Divorce in Canada, section 11, under the heading "Delay", Mr. Power had this to say:

> The delay which under the act of 1857 (sec. 31) is a discretionary bar is "unreasonable delay in presenting or prosecuting the petition." The same discretion exists in New Brunswick and in Nova Scotia. The delay of the respondent in putting in a defence is a factor to be considered in deciding whether cross-relief asked for therein should be granted. The reason for the court frowning on delay was expressed thus by Sir Francis Jeune, in Johnson *v.* Johnson (1901)—

I read this only because many of us are not lawyers and do not have the advantage of the legal training which is necessary in order to handle legal cases. The citation goes on to give the reason put forward as follows:

> The reasons why this court insists on steps being taken promptly, if they are taken at all, and why it should be very strenuous on the subject of delay, are that it is a terrible thing that people should be going about the world, neither married nor unmarried, possibly liable to contract fresh and illegal matrimony, and certainly exposed to temptation to commit adultery. This is a state of things which ought not to be prolonged for a moment longer than can be properly avoided.

The courts are very strict with regard to this matter of delay, and I think this is something to which we as a committee should give serious attention. Divorce cases have been brought before us after a delay of many years. We might say that this case was delayed only since 1949 because of the condoning of the adultery in the nine years previous to that, but even after 1949—

The Deputy Chairman: Order. I must inform the hon. member that his time has expired.

Mr. McCleave: Mr. Chairman, there have been some thoughtful comments made in this debate. In particular, three legal points were raised, and perhaps some explanation should be given by myself as chairman of the committee.

With regard to the first point concerning condonation, I think the hon. member for Timiskaming fully answered his own question when he read excerpts from the authorities, the point being that one has to make up one's mind whether to forgive or not. The point is that you have to make up your mind whether or not you forgive. You can forgive a certain pattern of conduct and after a while if that pattern is continued while you cannot renege with respect to your original forgiveness you certainly do not have to forgive new offences that may occur from time to time. I believe that is the point here. The husband had forgiven everything that had occurred between 1940 and 1949 and after that he lost his patience to forgive.

With respect to collusion I gathered from the hon. members that there was no direct suggestion that there had been collusion. It was pointed out quite ably that the detectives had remarkably easy access into the home in New York. It was almost as though they had been welcomed there with open arms to obtain the evidence they needed for parliament. I think the point about collusion is this. If there had been an arrangement between the husband and wife and she were to go forth and commit adultery for the purpose of giving the husband evidence of adultery that would be clearly collusion and we should not entertain the petition here. If on the other hand she had set up a liaison with this man for some time—and it is pretty obvious in this case that that is what happened—and then made that evidence available rather easily to the husband that in the eyes of the law in such cases as Yaetes in Ontario and on the basis of other authorities would not be collusion. I believe that hon. gentlemen in the other place who heard this case as well as others observed the law very scrupulously and I would say it was applied very fairly in this case.

The third point raised by the hon. member for Timiskaming as to delay is a somewhat harder nut to crack. This would have been an excellent point if the hon. member had brought this newly acquired knowledge

of his before the committee so we could have had a greater examination of that particular point.

Mr. Howard: As I understand it, one of the major grounds on which the Quebec superior court grants legal separations is adultery. There is some reference in the civil code of that province to cruelty and other matters but legal separations are granted mainly on the grounds of adultery. If it is not possible for the province to apply adultery as a ground for other action it should indicate this in the cases that come before this house. When a separation is granted on the grounds of adultery in the Quebec superior court it should be proof of the grounds of adultery for divorce and we should no longer concern ourselves with it. That arrangement would speed up the processing of these cases.

I appreciate that complications may arise. As often happens a couple separated on the grounds of adultery may cohabit in the interval but if cohabitation does not occur after the separation is granted we should not concern ourselves with it any longer with respect to proof of adultery.

On Friday last when discussing Bill No. SD-34 the hon. member for Halifax, as reported at page 2849 of *Hansard*, said:

> Mr. Chairman, we have had a particularly mischievous type of intervention in the debate on this particular case... Ordinarily, I would content myself but I am afraid I have reached a point where I cannot sit here in the House of Commons among certain other gentlemen and hear hon. members from one particular corner assassinate the characters of people who are not here and able to defend themselves.

In this particular case is the hon. member for Halifax of the opinion that the character of anyone has been assassinated and, if so, whose character?

Mr. McCleave: Mr. Chairman, that is an interesting question.

The Deputy Chairman: Order. I do not think that question has anything to do with this bill. That question could perhaps be asked at another time but certainly not while we are discussing Bill No. SD-35.

Mr. Howard: With deference, Mr. Chairman, I disagree with you—

The Deputy Chairman: Order. The Chair feels that that question should not be answered in this committee.

Mr. Howard: How about the individuals concerned in this case? What about the investigator, the respondent, the corespondent, the petitioner, the counsel for the petitioner, and so on? For my own guidance in these cases I do not want to be in the position of being accused of character assassination.

[Mr. McCleave.]

The Deputy Chairman: Order. The hon. member for Skeena has the floor. Is the hon. member for Halifax rising to say something?

Mr. McCleave: Mr. Chairman, I was going to say there was a fair appraisal of the evidence in this case.

Mr. Howard: It is my intention to direct that question to the hon. member in respect of each bill we discuss. I am interested in knowing if the hon. member used words on Friday last which he did not mean—

The Deputy Chairman: Order. The hon. member must confine his discussion to Bill SD-35. Shall clause 1 carry?

Mr. Peters: Mr. Chairman, we raised the question of delay in this case. I am pleased to associate myself with the hon. member for Halifax in his presentation to the miscellaneous private bills committee. We recommend changes in the procedure—

The Deputy Chairman: Order. It being six o'clock, shall I rise, report progress and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

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

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Donald M. Fleming (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Regier.

Mr. Frank Howard (Skeena): Mr. Speaker, at five o'clock I was suggesting that if the announced increase for some civil servants in any way reflects the report of the civil service commission it is the minister's responsibility to make public to the house and certainly to the civil service associations that particular report. I had been saying that if these adjustments do not reflect the one year's study made by the pay research bureau

into the question of civil service salaries then we are entitled to draw the conclusion from the announcement of the minister that the wage increases were not in keeping with the recommendations made by the civil service commission to the minister some time ago. If they are not, and there is every indication on the surface that there is no connection between the $15 million announcement in the budget and the recommendations of the civil service commission, then I suggest that the pay research bureau, which is now conducting another one year study to be completed before the next budget is presented, is wasting its time if the minister is going to disregard the activities of that organization within the civil service commission which is supposed to deal with the question of civil service salaries.

But apart from all that I still think that a much more decent approach to the civil service salary structure and working conditions would be to grant bargaining rights to the employees within the public service. If the government has any real thought of putting into practice what it says it espouses, namely the competitive, free enterprise system, then it should certainly extend that concept of free enterprise to employees in the service of the government and allow the true and free play of competitive forces in collective bargaining to apply to the crown and to the employees in the public service. This is a proper extension of the theory in which the Minister of Finance (Mr. Fleming) says he believes, and the free play of collective bargaining will be a most beneficial thing for civil servants, for the government service and for the government itself because it will have a tremendous effect upon bringing civil service salaries, which have been too low for so many years, into proper adjustment.

But I suspect that the government is afraid to do any such thing because it knows full well that it could not possibly justify its attitude on salaries for people in the public service before any type of impartial tribunal such as would have to be established if the civil servants had collective bargaining rights. In years past many private employers used to use precisely the same method as the Minister of Finance has used in order to weaken and destroy any effective growth of a union within a particular industry or among the employees of a particular employer. That is one reason why it is provided in the Industrial Relations and Disputes Investigation Act and in the various provincial labour acts that it is illegal for an employer to increase or decrease rates of pay and so on during a period of bargaining or during a period when a union is trying to become organized or certified.

This is an attempt on the part of the government to emulate the attitude that many employers used to have some years ago, an attempt to weaken the effect of any organization among its own employees. I do not intend to make any further comments at this time about civil service salaries or bargaining rights even though it may be upsetting to some hon. members opposite, especially those on the treasury benches.

One of the major features of the budget and the key to its nature is the use of the phrase, a balanced budget. I am quite sure that if the Minister of Finance applied the principle he has used to balance this budget to his own financial system within his household he would not think he was being fair to his family because certainly he would not want to limit his own personal financial arrangements to such an extent as to deprive his wife and children of food, clothing, shelter and things of that nature. But that is precisely what the Minister of Finance is doing with this balanced budget because on one side of the scale that functions in this balancing process there rest about 800,000 unemployed people. This is the balancing factor in the budget and nothing else.

I have here the figure of registrations at national employment service offices released on Wednesday, March 23, 1960, as at February 18, 1960. I do not say this is the latest figure that has been issued but it is the latest I have been able to obtain. I understand that the figure is higher since that time. However, it indicates that over 800,000 people are out of work in this country. Within the Pacific region alone, which comprises British Columbia primarily, there are more than 80,000 people out of work. It is a very unwise, unfair and discriminatory thing to balance a budget with 800,000 unemployed people.

While I am on the subject of the number of unemployed I would point out that there is, of course, some difference of opinion as to which set of figures should apply, those to which I have referred or the figures compiled by the dominion bureau of statistics. There is some question as to which set of figures is correct. Reference is often made to the national employment service statistics as to unemployed being incorrect because they reflect a number of people who in fact have jobs but are applying for other jobs and people who have secured work since registration. I point out that this is taken into account. In the publication to which I have referred there is a note at the bottom of table 2 reading in part as follows:

> The count excludes registrations from persons known to have a job and applying for another one. Measures are also taken to exclude as far as possible persons who have secured work on their own since registration.

Therefore these factors are taken into account. In addition to the number of unemployed registered with the national employment service offices, there is this factor which the footnote goes on to point out:

Not all persons who are looking for work register at N.E.S. offices.

That is quite true. In addition, there are a number of people who realize that they are not eligible for benefits, who have had a pretty sad experience with the national employment service so far as finding employment is concerned, and consequently they do not bother to register, or if they do register they do not bother to go back again once they find they are ineligible for benefits but rather attempt to find work on their own.

In addition to the 80,000 people who were out of work in British Columbia as of February 18 this year, there are an estimated 20,000 people not eligible for unemployment insurance who are on social welfare or municipal relief rolls.

Some time ago, in another debate—I believe it was the throne speech debate last year—I suggested that the Minister of Labour (Mr. Starr) would be well advised to go out and stand in a bread line once in a while and find out what it feels like to stand in a bread line merely to get a sandwich because no work is available. I suggest it would do the minister a great deal of good to get much closer to the people who are unemployed and find out their problems rather than sit in his insulated plush office and continue to study and debate which set of figures should apply—

Mr. Grafftey: The Minister of Labour is closer to the people than the hon. member has ever been.

Mr. Howard: There they go again, Mr. Speaker, knowing full well that they might get into difficulty if they stood up to make those comments. Instead of that they sit quietly by. Unfortunately so many of them are talking at the same time that it is impossible for one to find out what they are saying.

Mr. Clancy: In what year did the hon. member stand in a bread line? He has just made the statement that he stood in a bread line. In what year did he stand in a bread line?

Mr. Howard: Well, I—

Mr. Clancy: Don't say "Well, I," tell me. The hon. member has repeated it three times.

Mr. Speaker: Order.

Mr. Howard: My hon. friend is just as much off base in his question as he was in repeating what I said. If he will sit down I will tell him what I said, and if he listens he will hear it correctly.

Mr. Speaker: Both hon. members should address the Chair.

Mr. Howard: Mr. Speaker, you know full well that I always direct my remarks through you; I am doing that now. What I said was that it would do the Minister of Labour some good to go out and stand in a bread line and appreciate the views of the unemployed of this country. That is precisely what I said. The minister has been so engrossed in his facts and figures and fiction that it has not been possible for him to differentiate one from the other.

Unfortunately, while the Minister of Labour seems to stand the brunt of all the problems concerning the unemployed people in this nation, he is not the one to whom they should be directed because the Minister of Finance has far greater control over the cabinet than the Minister of Labour could ever hope to have. The Minister of Labour is the present head of the Department of Labour. The unemployment insurance commission comes under his direction, as does the national employment service. He issues the statistics. He argues as to which is correct and which is not. There is hope, because the minister has taken some action. If we want to be fair to the minister—unfortunately he is not here this evening; I am sure he will be apprised of what is said here in this debate—we must say that he has taken some action on this question of the unemployed. He set up a committee to attempt to resolve the differences of opinion between which set of figures is correct. This is an admirable approach because perhaps out of it all we shall finally get one set of statistics only to which the government may make reference, and they will be stuck with them. They will not then be able to take a set which incorrectly reflects the state of the unemployed, a low set, and say, "These are the ones which apply."

Unfortunately the committee which was established by the Minister of Labour was not received with too much revelry and rejoicing by the 800,000 people out of work. The establishment of the committee will not put them back to work. It will not feed their families; it will not provide them with employment; it will not pay their medical bills; it will not help to pay their portion of the national debt into which the Minister of Finance has driven them over the last couple of years. But it is something that the Minister of Labour has done.

It may well be, Mr. Speaker, that he has lost the program that he had a couple of

years ago. Perhaps he has lost the little sheets of paper he used to make reference to and say, "This is what we promised; this is what we will do." It may well be that that has been misplaced. If the minister does not have one of those promise sheets left, if he has destroyed or lost them, I would be quite happy to provide him with a copy so that the specific promises to the unemployed can be carried out.

I suggest that the real reason why the Minister of Labour is not, unfortunately, able to deal with this question, as he undoubtedly would like to, is that he is not able to propose the ideas that would bring about the solution. I think one of the reasons is that the Minister of Finance and others with him have too much say in the cabinet. The Minister of Finance is laughing at that, Mr. Speaker. Maybe he thinks he has not enough authority and wants more.

We all know there has been a shift in power in the cabinet. When this government was first formed there was speculation and hopes on the part of each cabinet minister as to who would be able to play his full part in government policy and whose ideas would be reflected in the government's decision on legislation when it was introduced. At least some of the hopes and ideas of the individual government ministers have been realized. Hopefuls have arisen from different parts of the nation, but I think the position has been pretty well solidified now. The Prime Minister (Mr. Diefenbaker) takes most of his counsel from ministers from the city of Toronto. The major person in this new emergence of authority behind the throne, of course, is the Minister of Finance, as he knows, and we know. The other is my very dear friend who is now the Minister of Public Works (Mr. Walker). He may laugh, but he is still the person who decides which part of the estimates is going to be slashed. First it is the Minister of Finance who decides, and then the Minister of Public Works puts the decision into effect. He slashes, he cuts the estimates and he discontinues the program that is supposed to be put into effect. He is the butcher of the estimates after he gets the order from the Minister of Finance. But they are doing the slicing in the wrong direction.

The Minister of National Defence (Mr. Pearkes) comes from British Columbia. He, along with his associate minister, is the head of a department. If they want to go after it properly, if they want to use the knife and discontinue wasteful and foolish expenditures, here is the department in which to start. Do not start in the departments which mean so much to the individuals in this nation.

Mr. Walker: The hon. member talks about slicing. Will he be good enough to tell us what he is slicing at the moment?

An hon. Member: Baloney.

Some Hon. Members: Oh, oh.

Mr. Howard: That is what my friend suggests I am doing; I deny it completely. But if that is what he suggests I am doing, I am sure he would be the first to recognize it because he is such an expert in the field himself.

Unfortunately this power behind the throne, this desire to disregard completely the interests of the citizens of this nation, particularly the unemployed, the people we are talking about, leaves the Minister of Labour in an awkward position. His defence of the whole scheme must be to say to the opposition, "What do you want me to do?" This is what we have heard the Minister of Labour say so many times during this session. "What would you suggest; what would you do to overcome this problem?" We know full well he does not want any suggestions; he rejects them when they are given because the minister cannot be counted on to put them into effect, anyway.

If the minister requires any suggestions he will find there are lots of them; *Hansard* is full of them. The legislative assembly of British Columbia dealt with this question last year and made some recommendations about what the national government should do. All parties were represented on that committee in the legislature, as are committees in the house here. When I say all parties, I mean all parties that were represented in the legislative assembly itself.

We have a Social Credit government in British Columbia, as you probably know, Mr. Speaker, and that is bad enough without cluttering the house up with Conservatives. But the electorate in their wisdom decided they did not want any Conservatives in the legislature a few years ago. If we have an election this June some time, or May, or whenever it is that the premier of the province gets around to calling it, I am sure that when it is over there will not be any Conservatives in that parliament either.

Here is what the British Columbia legislative assembly recommended. This is not a partisan political document such as that which the Liberal party developed at its leadership convention a couple of years ago and that the C.C.F. necessarily would develop as its political platform. This is a report of a committee of the legislative assembly in the province of British Columbia. It is reported in the votes and proceedings of that legislative

assembly of Friday, March 20, 1959. In it this committee dealt extensively with unemployment and made recommendations as to what the national government could do, what the provincial government could do, the local government, the trade union movement and industry. It went rather thoroughly into the question of unemployment. It heard a great many representations. I will not read them all. They are listed in about one and three quarters pages. They include such companies as the Aluminum Company of Canada Limited, which is certainly not a fly by night organization; the British Columbia Electric Company Limited; trade unions; the Canadian Legion; the fisheries association of British Columbia; Shuswap Okanagan Dairy Industry Company and Surrey Co-Operative Association. All of these organizations appeared and made representations to the committee and gave the committee the benefit of their ideas, beliefs and hopes in so far as the matter of dealing with unemployment is concerned.

I suggest that this procedure is what this government should have adopted earlier. It is still not too late to do so, but it should have been done earlier this session. Authority should have been given to the committee on industrial relations of this house to follow this course in order that the members of that committee might draw upon the wisdom of people outside of this parliament and outside of this government in respect of what action the national government should take on unemployment.

Let me read some references here as to the suggestions to the legislature in the province of British Columbia. As I say, I picked this example because it is the province from which I come—that is one reason—and because it cannot be charged—as the Minister of Labour (Mr. Starr) or other cabinet ministers would like to charge, and as they have charged on other occasions—that the proposals advanced by members of the Liberal party or members of the C.C.F. party are nothing but political propaganda and do not mean anything, and that they are merely trying to get some free publicity or something of that nature. I therefore picked this example and here are the suggestions so far as the national government is concerned.

(1) Materially assist in a large scale works program at appropriate times of the year on such projects as:—

(a) Forest access, transprovincial, and interprovincial roads:

(b) park and camp site improvement:

(c) diking and drainage projects:

(d) stream clearance projects and the creation of artificial spawning areas:—

It makes specific reference to activity on the Fraser river and the benefits that have accrued.

(e) Fraser river flood control consistent with a policy of fish conservation.

2. Institute an enlarged program of apprenticeship and trades training during adverse seasons of employment by extending the scope of the unemployment insurance commission.

3. Adopt a carefully screened immigration policy on the basis of the stated needs of industry and agriculture thus ensuring the planned assimilation of immigrants into the national working force.

4. Encourage and promote the construction of coastal shipping and national defence requirements in Canada.

5. Foster the expansion of a research program designed to encourage the use of coal and coal by-products in our industrial economy.

6. Initiate the formation of a joint federal-provincial trade investigation team to the republic of China for the purpose of inquiring into trade possibilities with that country.

7. To provide the ways and means to extend low-cost credit in order to:—

(a) Promote and expand economic development and stimulate revenue, income, or self-liquidating projects or works by the province and its municipalities; and to

(b) Assist and encourage the establishment and growth of local industries.

8. Give leadership and co-operation in the calling of a federal-provincial conference to seek a Canada-wide solution to the unemployment problem, requesting representation from all levels of government.

Then the next phase of this deals with the provincial government, the local government, and so on. However, I confine my remarks to those suggestions or recommendations by the select standing committee on labour of the legislative assembly of British Columbia contained in its report which appears in the votes and proceedings of March 20, 1959, just a bit over a year ago. Following its presentation I would assume that the report was communicated to the federal government or some cabinet ministers of the federal government, in order to draw these things to its attention as to what should be done about the matter by them.

The record of this government is fairly bad, even on these well worth-while suggestions that have been made here. Some of them have been done, certainly on a co-operative basis. As to the recommendation about forest access, transprovincial and interprovincial roads, we have some work proceeding on a trans-Canada highway but so far as transprovincial and interprovincial roads are concerned, the need for an expanded highway program which would provide employment and develop highway construction, we have nothing. We have the trans-Canada highway and the roads to resources. We have had an indication that something might be done later on. I am concerned about this "later on". It is our opinion that these are things that should have been planned some time ago, to be put into effect when they were most needed and in order to develop these roads on a sensible

basis instead of maybe a couple of years from now coming up with a scheme to do something of this nature.

As to park and camp site improvement, there has been some of this activity. As to diking and drainage projects, there is an extensive study which was made under the water resources branch of the Department of Northern Affairs and National Resources; by the Fraser river board dealing with diking and draining that is necessary along the lower regions of the Fraser river and certain other hydro projects further on north. That report is in the hands of the government. The government has had it since last year some time and it is sitting on it. The recommendations are there as to what could be done.

As to stream clearance projects and the creation of artificial spawning areas, we all know of what value fish is to British Columbia and of the need for employment in that regard. The flood control provisions on the Fraser river also are connected with the diking and drainage projects which have been thoroughly studied and reported on by the Fraser river board under the Department of Northern Affairs and National Resources.

As to the other suggestions made, there is the one with respect to the encouragement and promotion of the construction of coastal shipping. What we have is not an expansion of that industry but a reversal of that recommendation and a diminution of shipping facilities on the west coast.

As to research programs designed to encourage the use of coal and coal by-products, that recommendation applies not only to British Columbia but, as was pointed out by the hon. member for York-Sunbury (Mr. MacRae) earlier today, it applies extensively to the maritime provinces. There is great need there for some machinery by means of which to make sure that our coal resources just do not sit idle and that coal miners are employed, and that we make some use of these natural resources.

Trade is another phase of this report. It deals with the republic of red China, and I appreciate the government's reluctance to do anything like that because of its fear of the United States.

There is the suggestion about provision of the ways and means to extend low cost credit. Instead of that occurring the finance minister has driven credit higher, and the Minister of Public Works (Mr. Walker) is part and parcel of it in pushing up interest rates.

As to the recommendation to assist and encourage the establishment and growth of local industries, this is a prime thing that this government could do. The hon. member for York-Sunbury again this afternoon made reference to the need for such industries to be established in the maritimes. The maritimes are not the only part of Canada that needs the insurance of some governmental agency to bring into their areas industries which will grow up and rise in an area to the end that long term full year employment can be obtained by the people in that area where there is none at the moment and where they are economically in a collapsed position or where there is one industry and any shift in the economy of that particular industry upsets the working force and upsets the economy of the whole area around there.

I suggest that this national government on the question of developing industries should, if necessary, underwrite the capital expense involved. It should provide a reserve or a revolving pool or fund which could be loaned out on a selective basis. It would have to be on a selective basis because we have not the resources to lend money toward the entire capital expansion needs of Canada. This money should be loaned out either at a low interest rate, or at no interest rate at all if that is necessary to ensure the growth of an industry. These concessions should be provided in order that industry could go into places on a planned basis—not a haphazard basis but a planned, co-ordinated basis—to ensure the best possible supply of employment opportunities.

But the government does not want to do anything about that at all. It has that philosophy that the blind progress of our economy will eventually work itself out. We have depressions, recessions or lay-offs. We have three quarters of a million people unemployed every winter, so apparently this is no minor detail. It is part of the necessities of having this so-called free enterprise economy, which incidentally in its true sense we do not have. But because the government has this philosophy, these are the problems resulting from it: unemployment, declining trade and declining production. The government cannot cope with this particular problem if it continues to act like an ostrich and stick its head in the sand every time something dangerous occurs, and then while it has its head in the sand and its eyes and ears covered, hopes that the problem will straighten itself out.

A budget which, as I said, has on the one hand more than three quarters of a million unemployed people in Canada as the balancing factor, and a budget which continually talks about prosperity just around the corner, is not worthy of the name of a budget and should not receive the support of hon. members of this house.

The Budget—Mr. Weichel

Mr. O. W. Weichel (Waterloo North): Mr. Speaker, I consider it a great pleasure to have the opportunity of taking part in the budget debate on behalf of my constituents of Waterloo North. Our Minister of Finance (Mr. Fleming), a man of outstanding ability and sincerity, is to be congratulated for his splendid presentation and the terrific amount of work he has contributed to the preparation of this budget. Every hon. member of this house will appreciate his untiring efforts and loyalty in carrying out his important duties as Minister of Finance.

Through the kindness of our esteemed Prime Minister (Mr. Diefenbaker) and yourself, Mr. Speaker, I was chosen as one of the delegates, along with four fine gentlemen, to represent parliament in West Germany as guests of that government last September. Perhaps one of the most impressive events was the inauguration of the new president, Dr. Lubke, who succeeded Dr. Heuss, beloved by the German people. This took place in the city of Bonn, the present seat of the West German government. Dr. Gestemeir, the speaker, in his opening remarks made mention of our presence. His words drew real applause from all those present. The hospitality of the German people was excellent, and I feel that our good will tour was of great benefit to both countries and will help establish better trade relations.

Mr. Speaker, your leadership of this delegation demonstrated your personal cordiality and sincerity as well as a deep understanding of the problems confronting us in our daily obligations. May the divine benediction rest upon you as you guide us in our duties for the strengthening of our great nation and the promotion of the public good.

May I as a member of the House of Commons observe that we have a busy schedule ahead according to the budget speech. The issues we will debate are of the utmost importance to the future of Canada. One of them that touches the heart of my industry-packed constituency of Waterloo North is the discussion of our international trade that will be carried on in this house. I hope that when international trade is discussed we will examine closely the effect that imports from low-wage countries are having on our Canadian industries, industries that have grown up with Canada and which have placed all their money, their hope and, yes, their trust, in the future of Canada.

The impact on the Canadian rubber industry of imports from low-wage countries, especially Japan and Hong Kong, has long been known. It has been pointed out before in this house during the Liberal administration but to no avail. It has caused serious harm to rubber footwear industries in my constituency of Waterloo North and in other parts of Canada. However, other industries have also been hard hit by these imports, such as the radio, television, button and shirt manufacturing industries. Again they make up important segments of the industry of my constituency. It has been pointed out to me that two years ago only 10 per cent of all radios sold in Canada were imported. Today that figure is between 40 and 50 per cent. That has meant a loss in volume to one Kitchener manufacturer of approximately 30,000 small table radios alone.

Two of the largest shirt manufacturers in Canada, along with smaller firms, employing about 2,000 people are also situated in my constituency. They, too, are asking for some government help.

Concerning tariff changes, we are informed that an important round of tariff negotiations under GATT will be initiated this autumn. Many proposed tariff changes may find some place in the forthcoming negotiations.

Turning to the rubber footwear industry in Canada, the latest figures for the 11 month period in 1959 as compared to the same period in 1958 shows that the percentage of the total consumption of waterproof footwear imported into Canada increased from 17.6 per cent during the 1958 11 month period to 31 per cent in the same period in 1959. In canvas footwear the percentage jumped from 58.9 per cent in 1958 to 68.5 per cent in the same 11 month period in 1959. To sum it all up, in the first 11 months of 1959 approximately 46 per cent of the total consumption of waterproof and canvas footwear was imported.

I realize the tenuous position that the government holds because of this country's trade position, especially with Japan, the country from which much of these imports are coming. I realize, too, that in order to keep exporting—especially wheat—to Japan we must buy in return a good amount of Japanese products. I know our government is very anxious to help solve this problem. Let us therefore use every effort in finding a way to maintain trade with Japan, but at the same time see that our Canadian industries that have grown up with Canada, that have placed all their money, their hope, and yes their trust, in the future of Canada are able to flourish and continue to provide employment for thousands of our Canadian citizens.

Just a word about our federal civil servants. As a former civil servant for more than 35 pears, and knowing some of their problems I was pleased to hear in the budget address that treasury board had approved

recommendations from the civil service commission involving some 50,000 employees of the public service. May I suggest that consideration be given to revising salaries in the under $6,000 bracket as soon as possible, and that also serious consideration be given to salary increases for our armed forces and the Royal Canadian Mounted Police.

A few months ago, the Kitchener-Waterloo Dutchmen of my Waterloo North constituency represented Canada in the Olympic hockey championship at Squaw Valley, California, winning the silver medal. Like many Canadians, I was disappointed in the final result. However, as a sportsman and lover of wholesome recreation I felt justly proud of their achievements. Their supreme effort was not quite good enough to win the gold medal for Canada, but their gentlemanly conduct and good sportsmanship rated them as top-ranking good-will ambassadors for Canada.

Many sportswriters and sportcasters, along with individuals, have spent much time in finding a formula to provide better conditions for our competing athletes in Olympic competition. What is the answer? May I suggest two points that may be of some assistance to this question? It is my firm belief that schools in every province, not only to cover hockey but all recreation, could be started about four months before the beginning of the Olympic games, provincial governments to provide the financial assistance. Through the efforts of these schools the top athletes could be chosen to represent Canada.

My second thought concerns the federal government and the acceptance of the resolution as proposed by one of the hon. members from Vancouver on the subject of a Canada sports council, with the financial assistance coming from our government to defray expenses of our competing Canadians. This council, representing every province, could provide the necessary assistance and inspire our youth to take a greater interest in Canada's Olympic team. The outcome of such efforts could be the greatest enemy of juvenile delinquency.

Let us face the facts, especially with regard to hockey, Canada's national game. We have taught this sport to other countries, and in most cases they have been good scholars. The competition has become tougher, and in order to compete successfully our government, along with provincial governments, assisted by athletic associations all across Canada, must lead the way.

As a veteran of the first great war I am naturally intensely interested in the welfare of those who lost dear ones; disabled veterans, and all veterans and their dependents. I know it is not necessary for me to remind our government to give further consideration to their requests for pension increases and other assistance. Their sacrifices and services have been deeply appreciated by our government, the Canadian people and the Minister of Veterans Affairs (Mr. Brooks). Their needs, financial and otherwise, should continue to be one of our first obligations.

About a year ago I mentioned in this house the possibility of a university in the city of Waterloo, Ontario. Since that time, this has become a reality. The value of education is becoming more important daily, and I would like to congratulate the member for Grenville-Dundas (Mrs. Casselman) for her recent remarks on this subject. The Waterloo university college board of governors decided recently in favour of federating with the university of Waterloo. The faculty of St. Jerome's College had previously made such a decision. In the very near future agreements to federate will be signed by both church colleges with the university. The federation program will become effective July 1, 1960.

Enrolment at Waterloo college had grown in the last six years from 168 full-time arts students to over 500 this year. The university enrolled its first students in July 1957, and the students now enrolled in its co-operative engineering course total over 600. When the two related church colleges come into federation with the university the total enrolment will be between 1,200 and 1,300 students. In addition, the university is serving the community through its adult education program which has an enrolment in excess of 1,000 people.

On the university's new campus of approximately 200 acres there are now two large buildings completed and in use, the chemistry and chemical engineering building, of 54,000 square feet, and the physics and mathematics building of 100,000 square feet. Dr. Steacie, head of the national research council, officially opened the physics building on February 10 last. The total faculty of the university and colleges numbers over 100. Architects are now developing plans for the university's engineering building which is scheduled for completion in 1962. In addition to the Lutheran and Roman Catholic churches operating Waterloo University College and St. Jerome's respectively, the Anglican church and the Mennonites have also indicated an interest in building residences on the university campus for the use of the students of their denomination who are attending the university.

Only a short time ago the university publicly announced the appointment of its chancellor, the Hon. Dana Porter, chief justice of the supreme court of Ontario. As you are aware,

his lordship is a man who is highly regarded for his public service, especially in the field of education. The fact that Hon. Leslie Frost encouraged Mr. Porter to accept the appointment is an indication of the high esteem in which the university is held by the premier of this province. I say in all sincerity that the interest shown by this government and by the government of Ontario in the university of Waterloo is deeply appreciated by the community, by the fine men who have made this university possible and by the members of parliament who represent that area. The Kitchener-Waterloo *Record* of January 8 rightly states, and I quote:

> It is important that all those involved in this great development should resolve to devote their efforts to its creative exploitation. The development of fully rounded and adequately educated citizens is of the utmost importance both to this district and to the nation at large. The new university, with its broad facilities in both the sciences and the arts, should be better able to contribute to this goal.

Today we are blessed with wonderful schools, colleges and universities, and teachers who are ever ready and willing to impart that knowledge so essential to every girl and boy in this great country of ours. We should be continually on the alert, so that when their opportunity comes we may assist them in every way. After all, our youth of today will be our citizens of tomorrow.

Last spring I spoke briefly to this house in favour of new federal plans for emergency measures and civil defence which had been announced a few weeks previously by the Prime Minister. At this time I want to add that the progress and development since last spring have justified the optimism I expresed then as to the workability of the new plans made, thanks to the Minister of National Health and Welfare (Mr. Monteith) and others.

Since then the ten provinces again met with the federal emergency measures ministers and officials at Ottawa early in October, after the provinces had had an opportunity of studying for some months the new realignment of duties and responsibilities between the federal government agencies, including the army, the provinces and municipalities. All the press reports since have indicated a remarkable unity of acceptance by all provinces of the new proposals as being both feasible and acceptable.

These emergency measures are the civilian counterpart of the Department of National Defence and the armed services with respect to what has to be done to protect the civilian population and their governments and operations in the event of war.

I am sure that all hon. members of this house will join with me in the hope that such measures may never be needed, and that the release of world tension which has occurred during the interchange of visits between the leaders of the world powers will continue and grow. But until the world does come to true disarmament, these emergency measures for the protection of our civil population are indeed necessary.

Just so long as this parliament finds it necessary to vote many millions of dollars for the armed services and to maintain radar lines across Canada to give warnings of enemy attack and to develop missile bases in Canada, just so long will it be equally necessary for this government to expend funds and carry out planning in emergency measures and in civil defence to protect our civilian populace.

From all the reports I have heard the progress across Canada in the new realignment of responsibilities and duties has been both substantial and satisfactory. In particular, I want to commend the Canadian army for the realistic way it has taken hold of its new responsibility to carry the warning of any enemy attack to the people across Canada and to assume the battlefield command of the rescue and other forces which would have to act in areas which have been damaged by enemy bombing or heavy fall-out of radioactive dust. In not only the regular army but also in all their militia units this program which was begun only eight months ago is now proceeding with dispatch under the able and energetic leadership of the general officer commanding of the central region.

Some time ago the provincial government in my own province of Ontario took formal action so that it too could co-operate fully with the federal government and the army in these emergency measures for the continuity of government and the survival of our people in the event of enemy attack. On January 14, 1960, under order in council 201/60 the province of Ontario established an emergency measures organization for Ontario to parallel and co-operate with the federal emergency organization. The provincial organization includes various provincial government departments whose continued functioning would be immediately necessary in the event of enemy attack, and whose functioning is limited to carrying out the provincial responsibilities under this new alignment.

The new Ontario organization remains within the ministerial direction of Hon. W. M. Nickle, Q.C., minister of planning and developing, who has been charged with heading the old civil defence branch, while the chairman appointed by order in council is Mr. W. J. Scott, Ontario fire marshal, whose county fire mutual aid organization throughout the province is accepted as a pattern

for the fire defence organization across Canada, and who is well known for his work in civil defence over a long period of time. His contribution to civil defence has been outstanding.

In my own riding of Waterloo North we have had within recent months three cases where the automatic assistance of all the fire departments in the county of Waterloo was immediately available under this organized emergency mutual fire aid program. Undoubtedly, in all instances this county organization in Waterloo county saved hundreds of thousands of dollars of potential fire loss. They are peacetime examples of the value of organizing now for any emergency that may occur in either peace or war. This is what I feel the new emergency measures organizations are geared to do in all three of the municipal, provincial and federal levels of government. Our government is to be congratulated for its splendid progress in civil defence.

Mr. H. J. Michaud (Kent, N.B.): Mr. Speaker, the budget which was presented before this house by the Minister of Finance (Mr. Fleming) last Thursday generally was termed as a stand-pat, an unexciting budget. Unexciting it may have been to the ones who were not deprived of the necessary things of life in the course of the past year, to the ones who were able to make both ends meet in providing for their families the food, clothing, medical care and educational facilities required. When there is the assurance that these same opportunities will again be provided this budget might very well be considered, indeed, a satisfactory budget. But to those others who have seen the necessities of life evade them, to those whose incomes have left them wanting in their ability to provide to their families those things necessary to their physical and educational welfare, to those hundreds of thousands presently unemployed, this is not a satisfactory budget. On the contrary, it is a barren and gloomy budget and the bringer of gloom is the Minister of Finance.

The expected increase of 6 per cent in the gross national product alone cannot fill the gap in providing sufficient employment outlets to all those Canadians in need of income at the present time. Too much stress is also being laid again on statistical data in the present budget while forgetting the humanitarian aspect in terms of those in the country who are being denied what is a fundamental right of every citizen, namely the right, when willing to work, to earn a fair living for himself and for his dependents. It is with a sense of deep responsibility that I contend that the most urgent national problem, namely unemployment, was ignored or conjured away by the minister in the presentation of his last budget.

It is noted that a broader interest is manifested these days in the economic problems of the maritime provinces particularly. Here is a situation which calls for a broad national recognition if it is to be resolved. As a representative of the maritime provinces in this parliament I feel it is my duty at this time to deal with some aspects of the faltering economy of those provinces even at the risk of reproof and rebuff by some other representatives from that area whose utterances in this house since the opening of the present session would tend to indicate that all is well in the maritimes, that the maritimes are going through a period of great boom at the present time.

A week ago I returned to Ottawa following a few days' visit in my constituency. The conditions I found there are simply disheartening. I do not wish to be considered an alarmist or pessimist but I am saying that the conditions there are the worst we have had since the great depression in the early 1930's. If it were not for those social benefits introduced by Liberal governments which are paid every month such as old age assistance, old age pensions, family allowances and unemployment insurance—to those who are fortunate enough not to be denied unemployment insurance through vexatious interference in the application of the law—if it were not for these different forms of social assistance I say that conditions there would be, if not worse, at least in every way as bad as they were in the early 1930's.

Surely this is a situation which deserves more sympathetic attention than mere lip service when we realize that the main source of income in some parts of the maritime provinces at the present time is under the form of social benefits in one way or another. It was stated recently that about 20 per cent of the labour force in the province of New Brunswick was unemployed. That being the case, I feel that the percentage in some particular areas of that province is well over one third of the labour force. Do we realize all the social implications in a community plagued with such depressed conditions?

How long can we remain indifferent to the needs of such a sizeable segment of our population in a country where we speak of high standards of living, of notable economic expansion and high social development? We often speak of immigration in this house. I am not against immigration but I do contend that if our economy permits the integration every year of thousands of immigrants

then we should also be able to take care of those Canadian born citizens who are destitute and in every way as much in need of a steady means of livelihood.

The morning I left home to return to Ottawa last week I paid a visit to the office of a local lawyer who told me that his main occupation during the past winter months had been preparing visas for people emigrating to the United States. That same morning he had had four new applications, and this lawyer is only one of those engaged in that same business at the present time. Can we not logically contend that such a situation is inadmissible?

What is going to happen to the economic and social structures of our municipalities if this mass exodus of our people to another land in quest of a situation which will procure them a livelihood continues? These municipalities at one time or another have contracted certain obligations toward these people with the expectation that the greater part of the population would normally remain in their midst. For instance, who is going to remain responsible for the school debentures of these municipalities if too great a number of these young people for whom these schools were built have to leave the municipalities and the country? No municipality can afford to provide educational facilities to a whole generation for the benefit of another country. In this respect alone we could end up in a very embarrassing situation.

Does it mean that no solution can be devised to remedy such an abnormal situation? Surely we have not reached a point of such utter defeatism where we must admit that ways and means cannot be devised to remedy such depressed conditions. Indeed, concrete suggestions have been and still are being made in the face of the public awakening to the necessity of an economic revival in the maritime provinces. Foremost, there is the necessity for the whole country to realize that this is a national emergency. In this respect I can do no better than to quote the words of the Leader of the Opposition (Mr. Pearson) who, in dealing with this problem, had this to say as found at page 1693 of *Hansard* of March 3, 1960:

> There is something else we have to accept. The wealthier parts of this country will have to accept obligations, perhaps in the way they have not in the past, to the economically weaker and less developed parts of the country and to help solve their special problems. There is only one way it can be done. And it has been done in the United Kingdom. If you read the United Kingdom program for the depressed areas you will see how it was done. Nor did they have the financial and economic resources over there at that time that we have in this country now. The only way it can be done is by government schemes of capital assistance to encourage industrial and economic redevelopment in those areas. Perhaps this redevelopment aspect of the problem is as important as new development projects in our economy. If that should mean —and I suppose it would—heavier tax burdens, no Canadian has the right to complain if the taxes, if the money from those taxes, is used to put into effect constructive and forward-looking plans worked out in co-operation with the provinces so that we will not have underdeveloped areas in this country indefinitely in the future. I am thinking, of course, particularly of the Atlantic provinces.

This assistance could take the form principally of major capital works projects. This form of assistance has already been available in the maritimes to the great benefit of all. I had the occasion to mention in another debate last year that at one time anyone who wanted a job in the maritimes could get it when construction was under way at Camp Gagetown and at the airfield bases in the Labrador region. These projects are now mostly completed and alternate projects have not been initiated, accounting in part, therefore, for the heavy backlog of unemployed in the maritimes at the present time.

But other major projects are needed in the maritimes. Foremost is the construction of the Chignecto canal, which has aroused the interest of the maritime provinces as a whole recently. There is the construction of a causeway between Prince Edward Island and the New Brunswick mainland. There are those other numerous industrial developments promoted by APEC, a council formed to promote the economy of the Atlantic provinces and which is engaging the minds of all the civic-minded leaders of the Atlantic provinces. It is, therefore, the responsibility of the present government in consultation with the Atlantic provinces authorities to seek ways and means whereby appropriate and adequate measures can be devised to revive the general economy of the Atlantic provinces. Then it will be the duty of the government to act.

While it is urgent that we devise such a program of capital works, nevertheless great attention should also be given to achieve the greatest development possible of our primary industries. There is room, I submit, for broad improvements in this respect. The three main industries in the Atlantic provinces are farming, lumbering and fishing. Of these three basic industries, agriculture remains to the forefront if considered in its social as well as its economic aspects. A sound agricultural community reflects an element of stability and balance in the framework of the nation at large.

The question arises today as to how long the farm community will be able to subsist in the face of the difficulties besetting that industry. In a general economy of expansion and growth in the country agriculture

finds itself in this unhappy cost-price squeeze position which, if allowed to persist much longer, might jeopardize the whole stability of the industry. Indeed, how much longer can farmers subsist if on the one hand the prices they receive for the goods they sell are continuously going down while on the other hand the prices they have to pay for the goods and services they have to buy are going up? Farmers in the Atlantic provinces and in my own riding are, therefore, anxiously waiting to see what the present government will have to offer to solve this crucial problem.

Farmers are also waiting to see what is going to happen to the deficiency payment policy on eggs and hogs which has brought such unsatisfactory results up to this time. I was told that since the inception of this inept law last January hogs have sold in the maritimes for as low as 18 cents a pound, never reaching a higher point than 23 cents a pound, which is under the 23.5 cent support price. Since the deficiency payment on pork is to be calculated on a yearly national average it might very well happen that if prices go up toward the latter part of the year, due to a scarcity brought about by many farmers being forced out of hog production, then those who have been selling at 18 and 19 cents may never recuperate any differential price at all. Unless an offer to purchase by the government is re-established in pork marketings the industry will be faced with a situation which could have ruinous consequences.

Farmers are also anxiously awaiting the introduction of the newly formed farm credit corporation. Many farmers in the Atlantic provinces are anxious to increase their holdings, but wonder whether the new government credit agency, the farm credit corporation, will operate with more flexibility than the former farm loan board. I feel very strongly that drastic measures will have to be adopted if we wish to see agriculture in the maritime provinces regain the stability it needs to restore confidence in the industry.

The fishery is also an important segment of our economy in the Atlantic provinces. Great strides have to be made in the industry if we wish to ensure a fair standard of living to those engaged in that way of life. To get a fair estimation of the general situation of some fishermen along the eastern shores, one has only to remember something that was pointed out that at the time of the Escuminac disaster last June, that is that the average income of those who were the victims of that storm—there were some 35 of them—was between $600 and $700 a year. It is very hard to realize how anyone can eke out a living for himself and his family with such an income. Yet many of our local fishermen are within that category. Of necessity, something must be done to supplement the income of those low income fishermen if they are to enjoy a fair share of the national income.

When we analyse the situation we find that many of these people, while engaged in fishery for part of the year only, are living on land holdings of some considerable size. This land, in almost every case, while fertile, tillable land which could produce many of the things needed for the fishermen's families, is left in complete abandonment. It is true that certain capital, now not within the reach of the ordinary fisherman, would be required to carry on a supplementary farm operation, somewhat of a sideline operation. That is where I submit a fisherman's fund, something along the lines of the farm credit corporation, and in conformity with the nature of the enterprise, should be established. It would permit those fishermen with insufficient income and who hold some farm land to carry on small farm operations proportionate to their family needs.

Incidentally, the history of most of those fishing settlements along the shores would indicate that in most cases they were founded primarily on an agricultural basis. It was only when fishing became an important industry that farming in those areas was abandoned. Circumstances today would justify a return to the former practice of conducting farming and fishing operations concurrently, where fishing alone is insufficient to bring adequate returns to ensure the livelihood of the fisherman's family. I therefore submit the above recommendations to the Minister of Fisheries (Mr. MacLean) who I know is anxious to do everything possible to help the rehabilitation of those submarginal fishermen.

In another respect I wish to make certain recommendations concerning the protective measures of our fisheries, of the lobster fishery in my part of the maritimes particularly. I am happy to say that some measure of success has been encountered in this respect since last year. The great majority of our lobster fishermen now realize the importance of returning to the sea undersized and berried lobsters to ensure a continuous lobster catch from year to year. Unfortunately there are still those who, unscrupulously, fail to obey the law, thus causing great prejudice to themselves and to all those others who are cautious enough to respect the law. I realize how difficult it is for the protection officers to cope with every case in this respect. But I wish to reiterate that the great majority of

the lobster fishermen want the full enforcement of those protective measures. I urge the department, through its protective staff and officers, to continue its efforts in this respect until it has succeeded in stopping all those guilty of those wrongful poaching practices. The lobster industry is a valuable one along the Atlantic sea coast. It is often referred to as a little gold mine. Let us make sure that we keep that industry at its highest state of production from year to year. We need that industry.

Our third primary industry in the maritimes, and in my own constituency as well, is the lumber industry. Here again is a field where the returns are not commensurate with the value of the product and the cost to produce it, thus showing a detrimental effect on the economy of that particular industry. As an example, pulpwood, which only a few years ago was selling at $17 a cord is now selling at $10 a cord. Little wonder, therefore, that farmers had to reduce their cuttings on their own woodlots. Farmers cannot afford to hire woodsmen to produce wood for the market at such a depressed price. Many hands who formerly were occupied in that idustry are therefore left idle.

Would it not seem here again that wood prices should be brought more in line with the commodities bought with the returns of that product itself? After all, it is no secret that the price of those finished products coming from the processing of wood, praticularly paper, has been rising steadily, while the price of wood has been steadily going down. The cost-price squeeze here again is having an unfavourable impact upon the economy of the industry. Until and unless conditions are regularized in this segment of the economy unemployment will continue to prevail in the lumber industry. It is, therefore, the responsibility of the government to create better conditions which will restore to this industry its former prosperity.

These are some of the recommendations which I deemed it advisable to make to the government in this budget debate concerning the general economy of the maritime provinces and the economy of my riding. I have tried to make these objectively, with the hope that it might cause the government to give its attention to the crucial problems with which we are so greatly concerned at the present time.

Before concluding my remarks, Mr. Speaker, there is another matter with which I should like to deal briefly. I have in mind certain aspects of the administration of the unemployment insurance commission. At the outset, let me emphasize the fact that my remarks at this time are not directed at any officials in any particular office but rather at the policy of the commission itself.

In the maritimes we have a larger number of unemployed people than in any other part of the country, proportionately speaking. This is a situation imposed upon us by circumstances over which we have no control. I say this because I have an impression, at times, that there are some who like to refer to that situation disparagingly, as if we in the maritimes carried the responsibility for that situation. Lest there be any misapprehension in this respect let me emphasize the fact that our workers in the maritimes are as capable, as industrious and as eager to work as are their fellow workers in other parts of the country. If there is any difference between the status of our workers and that of the workers of other regions it is not in their character but in their opportunities to find employment.

I feel that this situation is often abused at the expense of the maritime workers, both by the employers and by the commission in its decisions to allow benefit warrants. I do not wish at this time to defend the case of those who, at times, attempt to qualify themselves through irregular methods. These, of course, must be repelled. But too often applicants of good will, with good cases, are penalized through vexatious interference devices which should not be tolerated.

Too many woods employers, for instance, during winter months particularly wish to take advantage of the law governing the commission in order to impel woodsmen to perform certain jobs on a cord basis in nearly impossible conditions, just because they know that these woodsmen cannot refuse to go lest their unemployment insurance benefits be cancelled.

I know of a case during the winter of 1959 where scores of claimants were disqualified from insurance benefits just because they refused to work for a certain contractor who did not even have a real assignment to offer to those who reported for work. The hon. member for Gloucester (Mr. Robichaud) the other day referred to a case in which a claimant was refused unemployment insurance benefits because he refused to buy a $200 chain saw for a job which was guaranteed for only six weeks. I know of a worse case than that. On the job to which I referred just a moment ago I know of a man living 25 miles away who reported for work and who, upon finding there was no camp in which to stay, returned home, only later to have his unemployment insurance benefits cancelled because he did not accept work. In this instance I suppose he was expected to procure for himself an automobile

in order to cover daily the distance between the site of the job and his home since there was no other means of communication. I submit that cases such as these are cases of pure discrimination against the workers.

Then there are other happenings which occurred this winter where miscalculations are taking place and the claimants are then requested to reimburse the amounts they supposedly were not entitled to receive. How could we be more unrealistic than to expect workers, living on an income provided by unemployment insurance benefits for weeks and months, to reimburse that same money? Where do we suppose the money is going to come from?

It is a well-known fact that the unemployment insurance fund is now seriously depleted. But I cannot conceive of any reason why Canadian workers, especially the maritime workers, should be asked to compensate for a situation which is due to no fault of their own but rather to the mismanagement of a government which has spoiled the golden heritage bequeathed to it by a previous administration. The unemployment insurance commission in many ways should show better judgment in many of its dealings with Canadian workers whom it is supposed to protect and to assist and not to penalize indiscriminately.

(Translation):

Mr. Marcel Bourbonnais (Vaudreuil-Soulanges): Mr. Speaker, I should not miss this opportunity of extending my heartfelt congratulations to the hon. Minister of Finance (Mr. Fleming) for the greatness of his accomplishment in bringing down a surplus budget this year. Knowing what administrative difficulties he had to face when he took over the finance portfolio in 1957 and knowing also that he had to face a deficit of almost $600 million in 1958 and another deficit of $400 million in 1959, we are all amazed that he was able to bring down a balanced budget this year.

So, since the Conservatives have taken over, at a time when the whole country was worried, the Minister of Finance has succeeded with sheer perseverance and, above all, confidence in our national potentialities, to bring this country out of the doldrums prevailing under the previous administration and along the steady road to prosperity.

Today, the ordinary citizen when asked his opinion on the present budget, answers: "Things are better, keep it up".

In spite of all the sophisms and all the nonsense spread by the members of the opposition through all the publicity mediums at their disposal, radio, press, etc., the average citizen, the farmer, the worker, finds out that we narrowly avoided a depression, through the feat of strength of the present government. Today, confidence is rising with the Conservative party, as revealed by the Gallup polls.

Besides, that is what prompts the outbursts of demagogy of our opponents who, instead of remaining calm and respectful in this house, spend their time laughing, getting excited, and jumping for no reason at all, and attempt to make light of all the suggestions made by the government.

For instance, when we took up the legislation to settle the problem regarding our universities a number of opposition members cracked jokes and tried to make fun of a problem which is so significant for the province of Quebec. In fact, I shall come back to that later on.

Mr. Speaker, before going on with my remarks, I would like, on behalf of all those I represent here, and also of those who did not have the opportunity to do so in the house, most sincerely to commend the hon. Minister of Finance for his delicate attention to the French speaking people of Canada, when he started his budget speech in French with an accent comparable to that of Her Gracious Majesty the Queen of Canada, when she addressed us in that language. There you have a positive action clearly indicating that, under this government, national unity is progressing in the right direction.

Mr. Valade: The Grits have never done that.

Mr. Bourbonnais: Mr. Speaker, with regard to national unity, very regrettable words were heard last Friday from a member of the C.C.F. party, about the province of Quebec. I will not go over all he said in his speech, because that would give him too much importance, but I cannot refrain from quoting a few lines that I find on page 2823 of *Hansard*:

> One of the things that bother a great many people in Canada who do not live adjacent to among or with French Canadians is a feeling that somehow they insist in taking a different view of Canadianism and of what Canadians want and need from that of people within the rest of the country. This is a most delicate—

The hon. member does admit it.

> —delicate and touchy subject for a politician to confront, but I think it needs some confronting. Like many other members who have come here in the last few years, while I have read a great deal in Canadian history about the French Canadian problem, it was not until I began to follow the French Canadian newspapers with more

intensity that I realized the markedly different conception of Canadianism that the French Canadians have. This is something that we very much need to resolve—

He wants to change everything, solve problems that cannot be solved.

—even in the name of that magical phrase, national unity.

One feeling I have taken from reading the French Canadian press is that they have what is almost a conceit in their Canadianism. They push upon other Canadians an interpretation that I cannot accept and which I think many members of the house cannot accept. It seems that the contradistinction between their kind of Canadianism and ours is that theirs is French Canadian based upon language and Roman Catholic based upon religion and so on the other hand we have to be Protestant and English speaking. I do not think this necessarily is true.

I agree with that, Mr. Speaker.

I know that in my constituency, we have very few French Canadians. We have a good many Catholics who, in the main, are English speaking. Many of them are Italians, Poles and so on. I do not think their conception of Canadianism has to take a back seat at any time to what I might call the superiority complex of Canadianism that exists in French Canada—

Mr. Tremblay: This is out-and-out Maurice Lamontagne talk.

Mr. Bourbonnais: We can sense there the socialistic approach of the hon. member for Port Arthur (Mr. Fisher). He can hardly tolerate that different people should exist in Canada, people who do not wish to change their way of life, but who try to maintain their traditions, without forcing any other Canadians to copy theirs.

What the hon. member for Port Arthur means when he speaks of national unity is the great uniformity into which the great minority, or all Canadians, whatever their origin might be inmersed so as to come out good, manageable little guys who would think and speak in the same way and act all together at the bidding of a single socialist master—of an advanced Liberal, to use the phrase of a former Liberal prime minister.

However, as we have seen in the last election, Providence protected us from the scourge of the C.C.F. If the hon. member for Port Arthur thinks we are overbearing in our Canadianism, it shows how little he knows about Canadian history. Let me remind him that on the whole, French speaking Canadians are much more deeply rooted in Canadian soil than the great majority of Canadians of other languages, and that the fact that we have a different language and a different religion may perhaps appear to him as a different form of Canadianism which he will never understand until he learns our language and lives in our province of Quebec. For a member who has pretensions to culture, his remarks show that it is very far from complete. If the hon. member thinks the French Canadians have a superiority complex, let me tell him once again that he knows nothing about history or about present conditions, despite all his titles.

What we have in the province of Quebec is a feeling of pride in many respects and for several reasons.

Incidentally, I might give some advice to the leader of the Social Democratic party, the hon. member for Assiniboia (Mr. Argue); we heard him when he took up the cudgels for certain South African subjects and tried to defend negroes who are oppressed in that country—no sincere Christian of course can admit that negroes, subjects of an important country, be persecuted—but he tried to force the government to interfere in the internal affairs of another country. I would ask him to look after his own household instead of interfering with what concerns other countries, and to attempt to teach his supporters that Canadianism and national unity are not based on prejudice.

I heard, last Friday, some members of the Liberal opposition protest loudly in connection with the benefits of the measure introduced by the Minister of Finance, to adjust the federal grants to universities.

If the hon. members would recall the difficult years education went through in the province of Quebec under a Liberal administration, up to 1935, they would perhaps understand why the great majority of the people of Quebec have supported the thesis of the Union Nationale and the former premier, the Hon. Maurice Duplessis, on the exclusive rights of the provinces in the field of education.

Perhaps it would be appropriate to remind them of certain statistics showing that under the former Liberal administration in the province of Quebec, education always came last.

In 1935, the province of Quebec had 9,000 schools—I should rather say 9,000 educational institutions, since this number included all colleges and universities, special and private institutions, as well as rural schools of two or three rooms where there was only one teacher, and we had dozens of those in each parish. Now, in 1956, there were 11,000 educational institutions in the

province of Quebec, most of the small schools having been replaced by central schools of twelve to twenty classrooms.

In 1935, there were 27,000 teachers while in 1956, there were 51,900, that is 52,000. In 1935, we had 700,000 pupils in the province of Quebec, while in 1956 there were 1,116,000.

The total contribution of the taxpayers to education in the province of Quebec was $28 million in 1935; in 1956, it had reached $99 million. The provincial government's contribution to education in 1935 was $5 million and in 1956, it was $87 million.

The total amount spent on education in 1935 was $33 million, whereas in 1956, it was more than $250 million. When comparing the figures for 1935 with those of 1956, the difference between the amounts spent reflects the interest in education shown by the former Liberal government of the province in comparison with the interest shown by a Union Nationale government of Conservative trend.

Other figures show what has been done for education in the province of Quebec, because, in 1935, an amount of $1,800,000 was spent for the building and repairing of 480 schools. In 1956, 440 schools were built at a cost of $46 million. Moreover, repair work was carried out in 1,451 schools at a cost of $4,297,000 which means that in 1956, 25 times more money than in 1935 was spent for school construction and repairs. The average salary of educators in the province of Quebec varied until 1935 between $80 and $400 a year for a female teacher. No male school teacher received a salary higher than $1,500.

Today, the minimum salary of a female teacher is $1,500, and the average teachers' salary is $3,445. We therefore see the tremendous progress achieved with regard to education in the province of Quebec in the years 1935 to 1956.

This year $300 million will be spent to that end in the province of Quebec. We may therefore say that the amount spent on education in the province of Quebec will be ten times greater than in 1935. This system of assistance to education in the province of Quebec was started under a government which is known as that of the Union Nationale. That is why so many people in Quebec favour this government.

In 1952, the Liberal government tried, for political reasons, to offer assistance to universities. In Quebec, at that time, we were doubtful of the government's sincerity, recalling as we did the difficulties we had suffered at the hands of a similar administration in the years prior to 1935. After all the money that the federal government wanted to turn over to Quebec universities had been collected from Quebec taxpayers. Why then should that money reach Quebec through Ottawa, in view of the provisions of section 93 of the British North America Act, to the effect that —and I am now going to quote that section because it has repeatedly been referred to by great politicians who always try to confuse sections 91, 92 and 93, which are nevertheless quite clear to any layman. I shall read the section in English:

(Text):

In and for each province the legislature may exclusively make laws in relation to education, subject and according to the following provisions—

(Translation):

It is up to each province, then, to construe that section as it should be construed. The province of Quebec wanted to abide by that section of the constitution.

I merely wish to show that, in the province of Quebec, education is in good hands and that our province has no need of advice or help from C.C.F. pseudo-intellectuals, nor even from all those petty politicians who are more interested in their personal advancement than in that of our province and of our country.

We are proud, in the province of Quebec, of our achievements in that field in the last fifteen years. Today, if the hon. member for Port Arthur thinks that we have a superiority complex I must tell him that, when he is aware of what goes on in the province of Quebec he will understand that he is mistaken, and that it is rather a feeling of pride for us to have at last aroused the envy of our neighbours, we, who were but a poor little people exploited by blackmailers who were keeping us in ignorance in order to better exploit us and to maintain their Liberal party strong and powerful, at our expense.

In 1957, during the first session of parliament, most members voted in favour of the increase from $1 to $1.50 per capita for the purpose of assistance to universities provided by the federal government.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member, but I think he is anticipating, or reverting to a debate on the measure introduced by the Minister of Finance concerning grants to universities. I would ask him to drop the subject.

Mr. Bourbonnais: Thank you, Mr. Speaker. I only wanted to straighten out a few things.

Besides, we are discussing the budget speech, and since last week, the action taken

by the members of the province of Quebec was misunderstood, I wanted to quote certain figures and to recall certain facts.

I should like, therefore, to set out the reasons why some members from the province of Quebec voted in 1958 in favour of raising federal grants to universities.

We realized—this is my own personal view, but I think it is shared by many—we members from the province of Quebec realized that provinces other than Quebec had universities which were in great need of financial help. Those provinces were counting mostly on assistance from the federal government.

Mr. Deputy Speaker: Order I regret having to intervene again. I thought the hon. member would limit himself to opinions of a general nature concerning certain remarks made by the hon. member for Port Arthur (Mr. Fisher), which are not necessarily related to Bill C-56, whose purpose is to amend the federal-provincial fiscal arrangements.

I note, however, that the hon. member is mainly working towards the point that is already covered by the bill which is to be submitted to the house and which was discussed at the resolution stage of that bill.

I would therefore ask him to drop that subject.

Mr. Bourbonnais: Thank you, Mr. Speaker, but I do not think that in describing the reasons which prompted us to vote, in 1958, in favour of raising the grants to universities, I am getting away from the bill.

What I wanted to say is that other provinces have universities, and that such universities have financial needs and were counting on help from the federal government.

I also had to keep in mind other provinces which did not object to federal aid to their universities. I was convinced that this government would soon find a solution that would be acceptable to the province of Quebec and that the amounts which had been reserved in trust for the universities of the province of Quebec would thereby increase and would be paid to them some day.

I wanted to show the willingness of the people of Quebec to co-operate with all the provinces of Canada and never to handicap the development of their neighbours.

What this government is now doing confirms my opinion and I am all the prouder of being a Canadian from the province of Quebec because I have an opportunity to participate, with the Conservative government, in the establishment of a Canadianism based on the mutual respect of the various groups which form our country, and to share in measures calculated to achieve economic recovery by a wise, farsighted and sound administration.

Mr. Gabriel Roberge (Megantic): Mr. Speaker, we have been listening for about 20 minutes to the hon. member from Vaudreuil-Soulanges (Mr. Bourbonnais). Quite understandably, I do not intend to deal with his remarks at this time, for if I did so I should be out of order, just as he was.

Last Thursday, Mr. Speaker, I heard the third budget speech of the present Minister of Finance (Mr. Fleming) not counting, of course, his miniature pre-election budget of 1957, as I was not yet a member of this house.

Actually, this is my third experience at getting ready to speak on the budget.

Reference to the official reports in *Hansard* for 1958 and 1959 will show that I was then unable to speak for lack of time. So my notes had to be filed away and unfortunately, I cannot use them this year, because they are now outdated.

I am more fortunate this year and, I think, it is an advantage to be able to make a few remarks about the budget speech of last Thursday.

May I be allowed to point out, at the beginning of my remarks, what Mr. Speaker himself said before the Ottawa branch of the alliance canadienne.

I have here a clipping of the Montreal *Gazette* for April 4 1960, headed:

"Mr. Michener boosts bilinguals."

This dispatch from Ottawa reads as follows:

(Text):

Commons Speaker Roland Michener said that mutual understanding among English and French speaking Canadians would be reached more easily if all were bilingual.

(Translation):

The item continues, and I quote the Speaker himself:

(Text):

Each of us must strive to be a member of both groups. I look forward to a future in which we have a good knowledge of each other's languages and a perfect understanding of each other's ideals.

Coming from Mr. Speaker himself, the first member of this House of Commons, this declaration must—and I personally hope it will—do more to achieve in Canada this perfect understanding between all Canadians. I wish also to point out that the Minister of Finance (Mr. Fleming) himself paid tribute to the French speaking population of this country by delivering a part of his budget speech in my native language. He started

to speak in French and twice afterwards used the same language. For that he must be congratulated. On my part, Mr. Speaker, I want to pay tribute to the minister in speaking these few words of congratulation in his own maternal language.

(Translation):

May I point out to you, Mr. Speaker, that the hon. member for Vaudreuil-Soulanges (Mr. Bourbonnais) also had words of praise for the Minister of Finance (Mr. Fleming), and it might have been the only moment in his speech where he was not out of order.

There is one thing which has always struck me—I do not say this to criticize the Minister of Finance because politicians of all parties are a bit at fault in this matter—and that is the fact that one feels the need to speak French when it comes to federal-provincial relations. That is what the Minister of Finance did, as can be seen on page 2675 of *Hansard* of Thursday last.

As I said, I am not blaming him for choosing that method. Should we believe that doing so will commit the government of my province to a less negative attitude towards the government of Canada? I hope so, and I also trust that the new atmosphere of agreement will continue to exist and that our province will fully benefit by its relations with Ottawa.

That friendly atmosphere, Mr. Speaker, that climate of mutual understanding might have existed under the former Liberal administration which was at the helm in this country. That government did not refer to members of the Quebec government as "those people from outside". We know the opposite is the truth. I need not emphasize what large amount of money the people of the province of Quebec lost through the negative attitude of their former premier. May I be allowed to say here that I believe that attitude was purely electoral? And I would call to witness premier Barrette, whose statements follow closely those of Mr. Sauve.

I have here a clipping from *Le Devoir* of March 17, 1960 reporting certain words of the present premier of the province when he referred to the future of Quebec universities. Let me quote part of that clipping:

Mr. Barrette made much of the talks with Ottawa—

And we do not blame him for those talks; on the contrary, we are very glad of it.

—made much of the talks with Ottawa to recuperate the accumulated grants.

And please note this:

We gave ourselves airs of independence, he added, but we were most anxious to settle the problem.

I also have a clipping from *Le Devoir* for March 28, 1960, or three weeks later. I shall quote only the title:

Mr. Antonio Barrette: Certain things have occurred in the past.

Then there is a subtile in larger print:

Today we must go hand in hand with Ottawa.

And now here is a clipping from *La Presse* for Monday, March 28, 1960, which goes into greater detail on this political speech made by the premier of my province. The story starts with the same quotation:

Certain things have occurred in the past.

Farther down, the article goes on to say:

Thanks to the new climate now existing between Quebec and Ottawa, we have been able to solve problems which had been outstanding for years... Ottawa is now treating us like friends. As long as they themselves will co-operate, I will never regret to co-operate with the central government, to give them a true hand-in-hand co-operation.

To conclude this first part of my remarks, I would add that under the former Liberal government, the door was not closed, but that it was the premier of the province of Quebec who closed it on his way out.

I do not intend to comment on those statements at this time, since we will probably have the opportunity to deal with them during the debate on the second reading of the federal-provincial tax-sharing arrangement bill.

Mr. Speaker, I believe it is the appropriate time to ask you to say it is now ten o'clock.

(Text):

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

MAIL CONTRACT, MONTREAL-SHERBROOKE, QUE.

Question No. 317—**Mr. Boivin:**

1. Who has the present contract for the transportation of mail between Montreal and Sherbrooke, Quebec?
2. How many trips are made daily both ways?
3. What is the cost of this contract?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. (a) Aurele Desmarais (via Richmond), (b) Lionel Ducharme (via Granby).

2. (a) 1 trip daily except Sunday, (b) 3 trips daily except Sunday and 1 partial trip daily except Sunday, Montreal to Granby.

3. (a) $12,741,08 per annum, (b) $32,450 per annum.

MAIL CONTRACT, MONTREAL-WATERLOO, QUE.

Question No. 318—**Mr. Boivin:**

1. What amount was paid to the Canadian National Railways each year for the transportation of mail between Montreal and Waterloo, Quebec, for the last four years of their contract?
2. How many trips were made daily both ways?

Answer by: **Hon. W. H. Hamilton (Postmaster General):**

1. Sept. 9, 1951-Sept. 8, 1952, $3,293.34; Sept. 9, 1952-Sept. 8, 1953, $3,672.96; Sept. 9, 1953-Sept. 8, 1954, $4,009.53; Sept. 9, 1954-Sept. 8, 1955, $4,009.53. Service discontinued September 9, 1955.

2. Waterloo to Montreal, one; Montreal to Waterloo, two.

NEW BUDWORM INSECTICIDE

Question No. 320—**Mr. McWilliam:**

1. Is the federal government attempting to produce an insecticide that will be effective for budworm spraying of forests but harmless to fish?
2. If so, what are present prospects of producing this solution?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

1. The Department of Agriculture does not engage directly in the production of new chemical insecticides. This is done by chemical corporations, who are devoting very considerable effort toward the production of selective chemicals which are poisonous to one form of life but not to others.

Fundamental research by the department in this field is devoted primarily to the study of physiology and the mode of action of chemical insecticides to develop the basic knowledge necessary to the production of selective chemicals.

2. In view of the many problems inherent in developing a suitable highly efficient poison for one form of life, but which will have no effect on other forms of life, it is not possible to predict when such a chemical will be available for budworm control.

The department is taking a leading role in the development and testing of insecticidal toxins, which are products of insect disease organisms, and which have no ill effects on forms of life other than insects. Field trials of these against the spruce budworm and other related pests are being planned for 1960.

POST OFFICE CONTRACT, ST. MAXIME DE SCOTT, QUE.

Question No. 325—**Mr. Bourget:**

1. Has a contract been awarded for the construction of a post office at St. Maxime de Scott, county of Dorchester, Quebec?
2. If so, (a) on what date; (b) to whom; (c) for what amount?
3. Was the contract awarded to the lowest bidder?
4. If not, for what reason?

Answer by: **Hon. D. J. Walker (Minister of Public Works):**

1. Yes.

2. (a) March 15, 1960. (b) Mr. Benoit Grenier, St. Elzear, P.Q. (c) $15,996.

3. No.

4. The difference between the tender of the lowest bidder and Mr. Benoit Grenier's was $1. Mr. Grenier's tender was constant whereas the lowest bidder became low, under circumstances about which there was some question.

HOUSE OF COMMONS

Wednesday, April 6, 1960

The house met at 2.30 p.m.

STARRED QUESTIONS

HEALTH INSURANCE—REPRESENTATIONS FROM SASKATCHEWAN RESPECTING DEPRECIATION

Question No. 101—**Mr. Martin (Essex East):**

1. Has the Minister of National Health and Welfare received any communication or representations, since March 1, 1960, from any member of the government of Saskatchewan urging the federal government to include depreciation as a shareable cost item under the Hospital Insurance and Diagnostic Services Act?
2. If so, from whom have such representations been received?
3. If so, what reply, if any, has been made?

Hon. J. W. Monteith (Minister of National Health and Welfare): The answer to question No. 1 is no. As a consequence, questions Nos. 2 and 3 are not applicable.

COLUMBIA RIVER DEVELOPMENT—FEDERAL ASSISTANCE

Question No. 102—**Mr. McIlraith:**

1. Has the Minister of Finance offered to loan to British Columbia one-half the cost of the development of the Columbia river?
2. Is the federal government making any grant toward the cost of this project?
3. Has the federal government offered to share directly in the financing of the project?

Mr. Richard A. Bell (Parliamentary Secretary to the Minister of Finance): The answers are as follows:

1. The federal government has made an offer to participate in the financing of a satisfactory arrangement for the development of Columbia river power. It is not in the public interest to discuss or disclose the details of this offer while the matter is still under discussion.

2 and 3. Answered by No. 1.

EXPORT CREDIT INSURANCE EXTENSION

Question No. 103—**Mr. Badanai:**

Will the Minister of Finance give consideration to expanding the operations of the export credit insurance corporation, in particular, widening the basis on which direct guarantee could be issued on negotiable instruments given to Canadian exporters by foreign buyers in respect of export transactions?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, this comes under my jurisdiction. With regard to the hon. member's suggestion that the basis on which direct guarantees could be issued be widened, it should be understood that direct guarantees are available to assist financing. They are to be issued in connection with contracts involving the export of goods or services for an amount of not less than $250,000 and involving a payment period of at least two years. The question of financing smaller transactions on shorter terms is not a problem, since financing for such transactions is readily available from the chartered banks.

TOXIC NERVE GAS

Question No. 104—**Mr. Argue:**

1. Is toxic nerve gas produced in Canada?
2. If so, (a) where; (b) since when; (c) for what purpose; (d) under what authority; (e) under whose jurisdiction; (f) to whom is it supplied; (g) on what scale?

Hon. Leon Balcer (Solicitor General): Mr. Speaker, this question should stand as an order for return, as it involves more than one department.

Mr. Speaker: It is so ordered.

MUNICIPAL TAXES, KINGS COUNTY, N.S.—SERVICE PERSONNEL

Question No. 105—**Mr. Hellyer:**

1. Are some service personnel living in permanent married quarters at Greenwood, Nova Scotia, required to pay direct taxes to the kings county municipal council?
2. If so, what is the purpose of the tax?
3. Does the Department of National Defence make a grant to the municipality in lieu of taxes in respect to educational costs, etc.?
4. If so, do the grants by the federal government exempt service personnel from payment of direct municipal taxes?

Hon. Pierre Sevigny (Associate Minister of National Defence): The answer to question 1 is, yes.

The answer to question 2 is that the purpose of the tax is to provide a general fund for internal financing from which the municipality sets aside certain amounts for charitable purposes and expenditures not covered by the mill rate struck for taxation on the assessment of real property.

The answer to question 3 is no; municipal grants are made by the Department of Finance. However, the Department of National Defence made a capital assistance grant toward construction of the western Kings county high school and pays a proportional share of operating costs. In addition an

agreement exists between the Department of National Defence and the municipality for mutual assistance in fire protection.

The answer to question 4 is, no.

INCOME TAX DEDUCTIONS, HOSPITAL COSTS

Question No. 106—**Mr. Michaud:**

1. Are the basic costs of hospital treatment in a province participating in the Hospital Insurance and Diagnostic Services Act deductible from income for federal income tax purposes?
2. If so, to what extent?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, question No. 1 refers to the basic costs. There might be some discussion as to what that term means in view of the interpretation of the act, and I wonder if the hon. member would let this stand until I have had a chance to discuss it fully.

Mr. Speaker: Stand.

Question stands.

LAND ASSEMBLY PROJECT, ST. JOHN'S, NFLD.

Question No. 107—**Mr. Carter:**

1. Has the government approved an investigation into a proposed land assembly project on the eastern outskirts of St. John's, Newfoundland?
2. If so, at what date was approval given and who is conducting the investigation?
3. By whom is the cost of the investigation being defrayed?
4. Has any arrangement or tentative arrangement been made in the city of St. John's to undertake a housing project under section 36 of the National Housing Act, and if so, on what date?
5. In any such project has an arrangement been made with the Royal Bank to guarantee the payment for which the province would be responsible and for which the city of St. John's would be responsible?
6. Is the city of St. John's authorized to act as agent for the province of Newfoundland in such project?

Hon. D. J. Walker (Minister of Public Works): The answer to question 1 is, yes.

The answer to question 2, is February 25, 1960. The investigation is being conducted by Central Mortgage and Housing Corporation and the city of St. John's, acting as agent for the province of Newfoundland.

The answer to number 3 is Central Mortgage and Housing Corporation and the city of St. John's, acting as agent for the province of Newfoundland.

The answer to question 4 is, no.

The answer to question 5 is, with respect to the proposed land assembly project, I understand that the city of St. John's has made banking arrangements to cover the amount of the provincial 25 per cent share of the costs which the city will be obliged to bear if the project is proceeded with.

The answer to question 6 is, yes.

[Mr. Sevigny.]

SURPLUS LABOUR TRANSFERS TO ELLIOT LAKE, ONT.

Question No. 108—**Mr. Pearson:**

1. Were any workers transferred by the Department of Labour to Elliot Lake, Ontario from areas of surplus labour in fiscal year 1959-60?
2. If so, how many workers were involved and on what dates were any such transfers effected?
3. Has Elliot Lake been declared an area of surplus labour since this transfer?

Hon. Michael Starr (Minister of Labour): The answer to the first question is, yes.

The answer to the second question is, 21 workers transferred to Elliot Lake on May 26, 1959.

The answer to the third question is, yes.

COAL SUBVENTION PAYMENTS TO UTILITIES, N.B.

Question No. 109—**Mr. Robichaud:**

1. Have any payments of coal subventions been made to utilities in New Brunswick under the Atlantic Provinces Power Development Act?
2. If so, what are the names of utilities to which such payments have been made, in what amounts and on what dates?
3. Are any such payments made pursuant to an agreement with the province of New Brunswick?
4. If so, when was such an agreement signed?

Hon. D. S. Harkness (Acting Minister of Northern Affairs and National Resources): The answer to question 1 is, yes.

No. 2: All payments in respect to utilities in New Brunswick have been made to the New Brunswick electric power commission as agent of the government of the province of New Brunswick. A list of payments and dates on which they were made follows. Mr. Speaker, there are some 15 dates with amounts, and to save the time of the house I would ask that the rest of this answer be printed in *Hansard*.

Mr. Speaker: Has the minister leave for the printing in *Hansard* of the rest of the answer?

Some hon. Members: Agreed.

[*Editor's note: The table referred to above is as follows:*]

$ 96,215.46	on August 25, 1958
50,660.83	on October 23, 1958
16,556.64	on December 17, 1958
54,159.51	on February 24, 1959
132,002.20	on February 24, 1959
132,830.94	on March 19, 1959
79,731.48	on April 20, 1959
83,439.50	on May 20, 1959
31,678.54	on June 25, 1959
25,693.16	on July 29, 1959
35,433.90	on December 17, 1959
189,978.77	on December 22, 1959
41,599.46	on January 21, 1960
39,087.29	on February 24, 1960
47,946.68	on March 16, 1960

Mr. Harkness: The answer to question 3 is, yes; the answer to question 4, February 14, 1958.

THERMAL PLANT, NOVA SCOTIA—FEDERAL CONTRIBUTION

Question No. 110—**Mr. Robichaud:**

1. Has the federal government made any contribution under the Atlantic Provinces Power Development Act for a thermal plant in the province of Nova Scotia?
2. If so, what was the amount of any such contribution?
3. Was any such contribution made toward (a) the construction of a new plant; (b) the modernization of an existing plant; (c) the increase of capacity of an existing plant?

Hon. D. S. Harkness (Acting Minister of Northern Affairs and National Resources): The answer to question 1 is, yes.

The answer to question 2 is that contributions totalling $2,489,972.87 have been paid with respect to increasing the capacity of the Trenton thermal electric generating plant, Nova Scotia.

The answer to question 3: Answered by number 2.

CUSTOMS OFFICE CLOSING, PENETANGUISHENE, ONT.

Question No. 112—**Mr. Macnaughton:**

1. Has the Department of National Revenue received a request from the town of Penetanguishene for a postponement in the closing of the local customs office?
2. If so, has this request received consideration?
3. Has any decision been reached?
4. If so, what is the nature of the decision?
5. What reply, if any, has been made to the people of Penetanguishene?

Hon. George C. Nowlan (Minister of National Revenue): The answer to the first question is, yes; the answer to the second is, yes; and the answer to the third question is, yes. In reply to question No. 4, the decision was maintained to keep the customs office closed despite the representations made on the subject by the town council and by Dr. Rynard. In answer to question No. 5, the town council was advised of the reason for the closing of the office, and was also assured that the question would be kept under constant review. In doing so the department was following the principle laid down by my predecessor in office when he transferred the excise office to Midland as a preliminary step to closing the customs office.

"CANADIAN ECONOMIC OUTLOOK FOR 1959"

Question No. 113—**Mr. Pickersgill:**

1. Did the Department of Trade and Commerce prepare a document entitled The Canadian Economic Outlook for 1959?
2. If so, did this document forecast a continuing high level of unemployment throughout 1959?

Starred Questions

3. Did this document forecast a level of gross national product which was lower in volume than that actually realized?
4. To whom were copies of this document made available and on what dates?

Hon. Gordon Churchill (Minister of Trade and Commerce): This is a question which attempts to deal indirectly with what was settled during the session by a vote of the house. On February 15, on a motion for the production of this document, the house decided that it should not be produced.

Hon. J. W. Pickersgill (Bonavista-Twillingate): On the point of order which has been raised by the Minister of Trade and Commerce, I would draw Your Honour's attention to the fact that the only question which was settled by the house was whether or not such a document should be produced. Surely the settling of the question whether it should be produced in public does not preclude us from asking whether such a document exists.

Mr. Speaker: I am not sure that a valid point of order is raised. The question has been put on the order paper and asked. The minister, as I understand it, objects to answering on the basis of a prior decision of the house. There is no precedent for ordering that an answer be given.

PRESS SECRETARY, OFFICE OF LEADER OF OPPOSITION

Question No. 114—**Mr. Pigeon:**

1. Is there a position in the office of the Leader of the Opposition for a press secretary, or public relations officer, or some similar official, the salary for which position is provided from public funds?
2. If so, what is the precise description of the position, when was it created, and by whom is it now filled?
3. Was there any such position between December 14, 1956 and June 21, 1957, and if so, by whom was it filled?
4. Is or was any such official paid a salary from public funds, and if so, how much, and under what precise authority?

Mr. Richard A. Bell (Parliamentary Secretary to the Minister of Finance): The answer to the first question is no; the second question is covered by the answer I have just given. The answer to the third question is no, and consequently question No. 4 does not apply.

LEADER OF THE OPPOSITION—STAFF SALARIES

Question No. 115—**Mr. Pigeon:**

1. What is the total of the annual salaries paid out of public funds to the staff of the Leader of the Opposition today?
2. What was the total of the annual salaries paid to the staff of the then leader of the opposition on January 8, 1957?

Mr. Richard A. Bell (Parliamentary Secretary to the Minister of Finance): The answer to question No. 1 is $48,870. The answer to question No. 2 is $34,402.

Inquiries of the Ministry

LEADER OF THE OPPOSITION—OFFICE EMPLOYEES

Question No. 116—**Mr. Pigeon:**

1. How many persons, including parliamentary receptionists and messengers, if any, are now employed in the offices of the Leader of the Opposition?
2. How many persons were employed in the offices of the then leader of the opposition on January 8, 1957?

Mr. Richard A. Bell (Parliamentary Secretary to the Minister of Finance): The answer to question No. 1 is 10. The answer to question No. 2 is 9.

QUESTIONS PASSED AS ORDERS FOR RETURNS

TOXIC NERVE GAS

Question No. 104—**Mr. Argue:**

1. Is toxic nerve gas produced in Canada?
2. If so, (a) where; (b) since when; (c) for what purpose; (d) under what authority; (e) under whose jurisdiction; (f) to whom is it supplied; (g) on what scale?

FEDERAL LEGAL SERVICES, N.B.

Question No. 308—**Mr. McWilliam:**

1. What are the names of the lawyers in the province of New Brunswick who performed legal services for the federal government since June, 1957 to date?
2. What was the total amount paid to each of these lawyers for such services?

MOTION FOR PAPERS

AUTAIR HELICOPTER SERVICES—TRANSPORT BOARD ORDER

Motion No. 88—**Mr. Chevrier:**

For a copy of the air transport board order denying the application of Autair Helicopter Services Limited for the removal of restrictions limiting that firm to the use of small category helicopters.

Motion agreed to.

EXTERNAL AFFAIRS

DISARMAMENT—WESTERN REJECTION OF RUSSIAN PROPOSAL

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he has any comment to make on the reported rejection, point by point, by the western delegates to the disarmament conference of Premier Khrushchev's proposals for complete disarmament as a basis for any disarmament compromise.

Hon. Howard C. Green (Secretary of State for External Affairs): Yes, Mr. Speaker. The discussions in the ten nation committee are, of course, private. Nevertheless I think I am revealing no secrets if I say that so far progress in that committee has been retarded because of the Soviet insistence on acceptance of the Khrushchev proposals as the basis of negotiations. In an effort to pave the way for discussions on concrete disarmament measures the western side has thought it desirable to clarify why it is that the Soviet plan is unacceptable as the sole basis for negotiations. The Leader of the Opposition will recognize that this is a normal process of negotiation.

IMMIGRATION

QUEBEC—REPORTED DELAY IN CLEARANCE OF MONTREAL-BOUND PASSENGERS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Citizenship and Immigration and ask whether the hon. lady saw a delegation from Montreal this morning in connection with immigration clearances at Quebec for Montreal-bound passengers. Can the minister answer the question I put to her earlier as to whether any undue delay will be caused such passengers? Can the minister say what was the result of her interview with the Montreal delegation this morning?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I saw no delegation this morning, but I understand that officials of my department saw a delegation which was in Ottawa. I have not yet had a report of that meeting.

With regard to undue delay, I can assure my hon. friend that my department at all times seeks to co-operate with the shipping companies toward obviating any delay. I am sure that if the co-operation is mutual there will be no difficulty.

FLOODS

BEAUCEVILLE, QUE.—REPORTED DELAY IN DYNAMITING OF ICE IN RIVER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Associate Minister of National Defence. My question will clearly indicate the national scope and interest in public affairs of our group.

In view of the fact that the Associate Minister of National Defence reported to the house on March 9 that an army report recommended the use of explosives to weaken the ice on the Chaudiere river two or three weeks before the anticipated date of the spring break-up, would the associate minister explain why, as reported in the Montreal *Gazette* of April 5, the army is only now being sent on this annual dynamiting task

when the waters have already risen five to six feet, and the break-up is imminent?

Hon. Pierre Sevigny (Associate Minister of National Defence): Yes, Mr. Speaker, I wish to thank the hon. member for having given me notice of his intention to ask this question. It is quite true, as I said on March 9, that action by the Canadian army would follow a request from the provincial authorities.

Subsequent to blasting operations on the Chaudiere river at Beauceville last year it was recommended that preparations for such an operation should be made two or three weeks before the expected date of the ice run. However, it was not until Monday, April 4 that a request for assistance from the provincial government was received by headquarters, Quebec command. A group of army personnel were immediately sent from Valcartier to Beauceville, arriving there on Monday evening. Blasting operations on the river commenced at five o'clock the next morning and by six o'clock the ice was moving slowly.

It is hoped that this prompt action by the army will eliminate the danger of flooding at Beauceville.

Mr. Herridge: A supplementary question, Mr. Speaker. Since this is the third consecutive spring that the army has been called upon to dynamite the ice of the Chaudiere river at Beauceville, does the associate minister not think the time has come to treat this as a normal operation instead of as a recurrent, last minute emergency?

Mr. Sevigny: On this particular matter, Mr. Speaker, it is the policy to send the army upon the request of the provincial authorities. To date this policy has been followed.

CITIZENSHIP AND IMMIGRATION

WINNIPEG—ESTABLISHMENT OF CITIZENSHIP COURT

On the orders of the day:

Mr. John MacLean (Winnipeg North Centre): Mr. Speaker, I should like to ask the Minister of Citizenship and Immigration what progress has been made with regard to the establishment of the Canadian citizenship court at the city of Winnipeg?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, there is provision in the current estimates for the cost of the establishment of this court. I am told that premises are now available and the civil service commission is proceeding to recruit staff.

Inquiries of the Ministry

COMMONWEALTH RELATIONS

SOUTH AFRICA—INQUIRY AS TO ADMISSION OF REFUGEES

On the orders of the day:

Mr. L. D. Crestohl (Cartier): Mr. Speaker, I should like to address a question to the Minister of Citizenship and Immigration. Can the minister tell the house whether any request has been made by any group, organization or individual for consideration by the government of Canada of the admission of refugees subject to racial discrimination, from South Africa, regardless of their colour?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): No such proposal has been made to the department so far as I know.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the hon. lady a supplementary question. Can she say whether her department or any other department has any staff in South Africa capable of dealing with such applications if they were made?

Mrs. Fairclough: Mr. Speaker, I can only speak for my own department; the answer is no.

UNITED NATIONS

WORLD REFUGEE YEAR—REDUCTION IN WAITING PERIOD FOR TUBERCULAR CASES

On the orders of the day:

Mr. J. R. Taylor (Vancouver-Burrard): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. In view of the fact that under the world refugee year program refugees who are suffering from tuberculosis are being admitted to Canada, would the minister be prepared to consider a reappraisal of the practice of regarding tubercular cases as being in a prohibited class for admission until the disease has been inactive for two years? I am thinking particularly of dependants of Canadian citizens who find themselves in this situation?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, this matter has been under study for some time, and I am pleased to announce that it has now been agreed to reduce to one year the waiting period for persons suffering from tuberculosis that is considered to be inactive.

WORLD REFUGEE YEAR—INQUIRY AS TO ADMISSION OF ADDITIONAL REFUGEES

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Secretary of State

for External Affairs. I wonder if the minister could indicate to the house the number of additional refugees who are going to be brought to Canada under the world refugee year plan?

Hon. Howard C. Green (Secretary of State for External Affairs): I take it that the hon. member means under the tuberculosis plan?

Mr. Hellyer: Yes.

Mr. Green: I am not in a position to say as yet how many more will be covered by the extension.

REPRESENTATIONS BY CANADIAN WELFARE COUNCIL RESPECTING REFUGEES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder whether the Prime Minister has yet reached a decision on the representations of the Canadian welfare council, about which he was not able to announce a decision when he made a statement on the other points the other day, that is with respect to liability for health and welfare care.

Right Hon. J. G. Diefenbaker (Prime Minister): I do not think I can add anything to what has already been said. When there is anything further to announce, an announcement will be made.

Mr. Pickersgill: I wonder whether the Prime Minister could say whether the matter is still under active consideration.

Mr. Diefenbaker: I said that on the last occasion the question was asked.

WATER RESOURCES

LAKE ONTARIO AND ST. LAWRENCE RIVER—AGREEMENT RESPECTING CONTROL OF LEVELS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. In view of the meeting held between the Canadian and United States sections of the international joint commission on Tuesday, April 5 to discuss the draft of a final recommendation to the two governments on the control of water levels in lake Ontario and flows and levels in the St. Lawrence river, can the minister tell the house whether agreement was reached by the international joint commission and what formula will be established to control the level of the river, which will have a bearing on down-river interests?

[Mr. Hellyer.]

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, the answer is that the international joint commission has reached agreement on this matter and that it will make its recommendations to both the United States and Canadian governments in the next few days. It will not be possible, of course, to comment further until the recommendations have been received.

Mr. Chevrier: May I ask a supplementary question. Can the minister say whether the two provinces involved, namely Quebec and Ontario, have been consulted and whether they gave their consent to those recommendations?

Mr. Green: I am afraid it will not be proper for me to make any comment on the recommendations until we have actually received them and have had an opportunity to study them.

Mr. Chevrier: I can understand that, but can the minister say whether the provinces were consulted?

Mr. Green: I think there have been consultations before now, but I do not know that there have been any as yet about these recommendations.

(Translation):

AGRICULTURE

BUTTER, CHEESE AND SKIM MILK—REQUEST FOR STABILIZATION PRICES

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I wish to direct a question to the Minister of Agriculture, of which I have already sent him notice. Following the minister's reply to my question on March 30 last, a number of farmers in my area and in the province have been sending me telegrams and letters—I have a sheaf of them here in my hand—asking if the minister might now be more encouraging and indicate whether the government will maintain price supports on butter and cheese and reestablish a support price or a deficiency price on milk powder.

(Text):

Hon. D. S. Harkness (Minister of Agriculture:) Mr. Speaker, I appreciate that this is a matter in which there is a very high degree of interest not only in Quebec but in other provinces of Canada. However, I can add nothing to the reply I gave on March 30, that this is a matter of government policy which will be announced in due course.

(Translation):

Mr. Augustin Brassard (Lapointe): Mr. Speaker, may I direct a question to the Minister of Agriculture. Would the minister kindly have his department consider granting Quebec producers the same support prices on their cheese delivered to Montreal, as are given to Ontario cheese producers for cheese delivered to Toronto?

(Text):

Mr. Harkness: Mr. Speaker, this question really relates back to the terms of the stabilization act. Under that act the support price set for agricultural commodities is a percentage of the base price for the previous 10 years. The price of cheese for the previous 10 years in Quebec was less than the price in Ontario, and that is the reason the support price in Quebec is half a cent less than the support price in Ontario. The same situation prevails in so far as the support price for hogs is concerned in my home city of Calgary. It is $3.50 less per hundred than in the city of Toronto.

NATIONAL REVENUE

TRAINING OF PERSONNEL POLICING DUMPING PRACTICES

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. Have the personnel recruited for the customs division of the minister's department for the purpose of policing dumping practices generally completed their training?

Hon. George C. Nowlan (Minister of National Revenue): Yes, Mr. Speaker, although we are continuing to recruit others. Hon. members may have seen in the press last week advertisements of the civil service commission seeking further recruits.

BUSINESS OF THE HOUSE

INQUIRY AS TO RE-ESTABLISHMENT OF BROADCASTING COMMITTEE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the house leader, and I ask it because of the current public interest in broadcasting regulations and licensing. Has the government altered its intention, as outlined at the commencement of the session, to re-establish the special committee on broadcasting? If no, could he give us some indication of when the government intends to call this committee?

Hon. Gordon Churchill (Minister of Trade and Commerce): The hon. member's question will be taken into consideration, Mr. Speaker.

NATIONAL DEFENCE

NATO—DISCUSSION BY DEFENCE MINISTERS OF GERMAN BASES IN SPAIN

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Minister of National Defence a question arising out of a press report in the Manchester *Guardian* of April 1, 1960 dealing with the recent NATO discussions in Paris, which read:

> The only two countries with no objection to German bases in Spain were Canada and Portugal.

I should like to ask the minister whether he would comment on the accuracy of that statement.

Hon. G. R. Pearkes (Minister of National Defence): The question of bases in Spain was not brought up at the NATO meeting. There was no mention at any time of the country of Spain; therefore the report is quite inaccurate.

Mr. Hazen Argue (Assiniboia): May I ask a supplementary question. Can the minister say whether the government is opposed to bases in Spain?

Mr. Pearkes: Government policy in that respect has already been stated.

CANADIAN BROADCASTING CORPORATION

DON MESSER AND HIS ISLANDERS—REQUEST FOR AUDIENCE RATING

On the orders of the day:

Mr. J. A. Macdonald (Kings): I should like to direct a question to the Minister of National Revenue. In view of the fact that Don Messer and his Islanders, from Prince Edward Island, are in Ottawa for an engagement at the Coliseum today and tomorrow, could the minister inform the house: (a) what their rating is among Canadian produced programs? (b) how wide an audience do they have in Canada?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, it has not been the policy of the C.B.C. at any time to announce individual ratings of the various programs. However, I am sure the applause signifies that to some persons in the gallery at least it is a very popular program indeed. It was on the maritime network for many

years and is now on the national network, and is one of the best received programs on the C.B.C.

INCOME TAX

DEDUCTIBILITY OF CONTRIBUTIONS TO MORAL RE-ARMAMENT

On the orders of the day:

Hon. George C. Nowlan (Minister of National Revenue): On March 31 the hon. member for Burnaby-Coquitlam asked me a question with respect to taxation policies respecting contributions to Moral Re-Armament. I am advised that the records of the Department of National Revenue indicate that the Oxford group or Moral Re-Armament, also known as the Oxford group and Moral Re-Armament, was incorporated without share capital under the Dominion Companies Act under letters patent in 1944 and amended by supplementary letters patent in 1956. The main purpose of the organization is said to be the advancement of the Christian religion. It has been recognized as a charitable organization since 1956, and donations to that organization are deductible as charitable gifts in accordance with, and to the extent provided by, section 27, subsection 1 of the Income Tax Act.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 5, consideration of the motion of Mr. Fleming (Eglinton) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Regier.

(Translation):

Mr. Gabriel Roberge (Megantic): Mr. Speaker, when the house rose at ten o'clock last night, I had just completed the few preliminary remarks I had to make on the budget speech for the fiscal year 1960-61.

I shall now deal with certain particular aspects. Like several observers, I was surprised at the enthusiasm shown by some hon. members who support the Minister of Finance (Mr. Fleming), when he brought down his budget. That enthusiasm, indeed, has also surprised the Montreal *Gazette* correspondent, Mr. Arthur Blakely. Here is what he wrote in the *Gazette* for April 4, 1960:

(Text):

All the same, it isn't easy to account for the frequence with which applause—one burst every 120 seconds—greeted Mr. Fleming. Encouragement on this scale is over and above the line of duty.

(Translation):

But Mr. Blakely does not stop there. A few lines down, he adds:

(Text):

Mr. Speaker: I am sorry to interrupt the hon. member, but I must remind him that it is against the rules to quote from newspaper editorial and articles which reflect upon the actions of hon. members in this house. This is for his guidance as he proceeds.

Mr. Roberge: I am sorry if I have offended in this respect, and I will try not to do so again.

(Translation):

I shall nevertheless continue my remarks and say, without, I am sure, being out of order, that the hon. member for Kenora-Rainy River (Mr. Benidickson) was right to call this a do-nothing budget.

I noted in the minister's budget speech the advice he gives and the recommendations he makes to the Canadian people so that the government may succeed in balancing this country's financial position.

It is well known that the government itself has been the largest borrower of modern times in Canada.

Today, the Minister of Finance warns Canadians that they will have to cut down on their spending if they want to make both ends meet. The house will no doubt remember the fairly scathing criticism directed in the house by the hon. member for Joliette-L'Assomption-Montcalm against the governor of the Bank of Canada with regard to his annual report.

In various public statements, Mr. Coyne had asked or advised Canadians to cut down on their spending. He repeated that warning in his annual report, and I shall now quote a few excerpts of the Bank of Canada annual report for 1959 to the Minister of Finance, and more particularly a paragraph appearing on page 9 of the English text.

Mr. Coyne says the following:

We must in the end learn as a nation to live within our means, and exhibit the strength and will to do so. It would, in my view, be the path of realism to move firmly in that direction on a broad front without delay.

Further on he says:

For the purpose of maintaining full employment, economic growth and a rising standard of living, we do not need to stimulate a temporarily high but unsustainable rate of consumer spending by means of more and more consumer credit, or of

capital expenditures on a scale greater than our own capacity and willingness to save out of annual production for that purpose. We would benefit more from greater diversification of our production, which could provide a higher average level of employment and one less exposed to the hazard of sudden changes.

And I shall add one of the last sentences in this chapter of the Bank of Canada report, which may be found on page 10, where Mr. Coyne states:

The adoption of sound and balanced programs for future development, the avoidance of excess in spending and borrowing, and the promotion of a more stable and diversified structure of economic activity, have never been so essential to the continued growth and stability of the Canadian economy.

It seems that last Thursday the Minister of Finance finally decided to agree with the governor of the Bank of Canada and, in his budget speech, to give himself and Canadians at large some advice on the art of saving.

In this regard, I should like to quote a few sentences from the budget speech delivered by the Minister of Finance, on March 31, 1960, as recorded on page 2672 of *Hansard*:

We must place emphasis on greater productivity and efficiency rather than on sheer size, on cost control rather than on price increases, on greater saving rather than on excessive consumption.

A little further, he added:

In saying this, I am fully aware of the role of leadership that falls to the federal government. It is the responsibility of the government to try to establish the conditions of financial balance within which the endeavours of others can be carried out successfully. Let me assure hon. members that the government is discharging this responsibility.

A little farther on, the Minister of Finance again referred to the matter of saving when he said:

Saving—voluntary, purposeful, constructive saving—is essential in an economic system dedicated to freedom and progress.

In his budget speech, the Minister of Finance also announced salary increases for federal civil servants. His statement was hedged with oratorical precautions, as though he wanted to apologize for his failure to grant such adjustments earlier, in spite of pressing demands from civil servants' associations across the country.

Recalling the statement he had made on October 13, 1959, when he explained why he did not want to grant salary increases to federal civil servants, he said, as reported on page 2679 of *Hansard* of Thursday last:

The decision taken by the government, in the light of its financial position, will not preclude consideration being given to the special position of certain categories of civil servants as the government's financial circumstances permit.

A little farther, he added:

It is now nearly three years since there has been a general increase in civil service salaries. The last general increase was authorized by the present government in July 1957, and made retroactive to May 1, 1957.

With regard to this matter, Mr. Speaker, I should like to make a slight correction in order to remove any doubts in the minds of hon. members and of the general public.

When the estimates of the Department of Labour were being considered during the session of 1958, my hon. friend, the hon. member for Bonavista-Twillingate (Mr. Pickersgill) insisted on that matter of salary increases for federal civil servants. Here is what he said, and I quote from page 3678 of *Hansard* for August 16, 1958:

Mr. Pickersgill: I do not want to get into a quarrel with the minister, for whom I have the greatest possible esteem. I think we really do understand one another. I will repeat what I said. I said that this matter was considered by the treasury board of the old government at its last meeting and was recommended, but that final approval was left to the incoming government. That is what I said, and if that is what the minister agrees with, then we are in complete agreement.

Mr. Starr: That is right.

Mr. Speaker, it is obvious that a salary adjustment had been considered by the previous government, by the treasury board at the time, but that in view of the change which was about to occur, the St. Laurent government thought it wise to leave to this government the care of taking a final decision and of adopting also the treasury board's recommendation.

Less than a third of the total number of civil servants throughout Canada, 50,000 out of 180,000, will benefit from this government largesse, if I may apply that word to something which had been impatiently awaited—and justly so—for so long.

The classes of civil servants which stand to benefit from those increases in the immediate future are clerks and stenographers, as well as meteorologists and veterinarians. In that regard, I should like to quote from page 2680 of *Hansard*, what the minister had to say on March 31, 1960:

I am happy to report that the treasury board—has now approved recommendations from the civil service commission involving some 50,000 employees of the public service, principally in the clerical and stenographic classes but also including some of the professional classes such as meteorologists and veterinarians, where recruitment and retention of the essential number of qualified officers have become increasingly difficult.

Besides the civil servants properly so-called, there are at least two other classes

of Canadians who are regular employees of the state, men whose work is also of immense value to the country and who, on occasion, even risk their lives on its behalf. I refer to the members of Canada's armed forces and of the R.C.M.P. So far, the government has made no announcement regarding those people, and that is too bad. This fact was noted by the Canadian Press correspondent, who referred to it in an article which appeared in the *Gazette* for April 1, 1960. I quote:

(Text):

There was no mention in the speech of members of the armed forces and of the R.C.M.P.

(Translation):

Mr. Speaker, we who sit on this side of the house hope that the government will look into the situation of those government employees and will see to it that they get a raise proportionate to the risks involved in their type of work and also to the present cost of living.

The minister also indicates that the government has been guided mainly by considerations of personnel recruiting, thereby implying that it has become difficult to recruit certain classes of civil servants precisely because of salary levels.

It is not my intention to quote any further from the minister's speech, but I should like to refer briefly to the opinions expressed by civil service associations in that respect. I have here a clipping from the Ottawa *Journal* of April 1, 1960 from which I will quote a few excerpts for the record. The report appears under the following heading:

(Text):

Says CS will "Hit the roof".

The joint action committee of the civil service said today it is "disappointed" the salary increases announced in the budget last night are not retroactive, and apply to only 50,000 employees, roughly one third of the civil service.

A stronger statement came from the professional institute of the public service, which slammed the boosts as "too little and too late"—

(Translation):

And farther down in the same item, I read:

(Text):

Today, the joint action committee made these points:

1. It has "consistently" pointed out the justification for an effective date in salary boosts of October 1, 1958—

2. The joint action committee also expresses concern at the "emphasis" placed by the finance minister on the recruitment factor in relation to further adjustments for other classes.

The committee holds that this approach to pay revision will cause "much anxiety" among employees not included in early announcements.

The PIPSC lays emphasis on the lack of pay boosts for senior civil servants, "a realm in which the institute's research has revealed a crying need".

It also fears the rate of rotation will be "far too slow" to keep up with changing conditions.

[Mr. Roberge.]

(Translation):

It may cause some surprise that the hon. member for Megantic should have something to say on the position of this country's civil servants. It is true that I am not a representative of an Ottawa riding; but it is also true that there are public servants in my own. And even if I only represent a single constituency, I am, like all my hon. friends here, spokesman for the nation as a whole.

Some people in my riding are employed in various post offices, some in the unemployment insurance offices, others in customs offices. Most of them are neither clerks, nor secretaries, nor meteorologists nor veterinaries, which means that only very few civil servants in our district will benefit from the budget increases. Those Canadians do, however, expect their position to be reconsidered, like the various classes of employees elsewhere. It is obvious that the classes of civil servants in my part of the country are the same or, at least, similar to those in other districts, in cities and towns of similar size. Those people too are entitled to the salaries provided for their jobs and their responsibilities.

I pointed out before, in a quotation, that recruiting needs had guided the minister in his decision.

I know personally that, in our district, some young people who would have all qualifications for certain jobs, positions in the unemployment insurance office, for instance, even refused to submit to the various examinations, because of the insufficient salary provided and also to a certain extent, because of their small prospects of getting higher pay. Such conditions are unfortunate, because the country is thus being deprived of the services of well qualified citizens.

There is another field that the minister failed to deal with and I would like to offer a few remarks about it.

But this state has other servants than those who work in the federal civil service, either internal or external. There are also provincial employees, and employees of municipalities and school boards. I should like to say a word on the latter two classes.

Most mayors and aldermen of cities and towns and councillors of rural municipalities, as well as members of school boards, ordinarily work without remuneration. Some of those devoted public men go to some personal expense, often more than would appear to be either fair or necessary.

This anomaly has been recognized by some municipalities, and in some cases provincial

legislatures have granted them authority to remunerate their elected officials.

The federal government, under statute 1-2 Elizabeth II, chapter 40, entitled: "An act to amend the Income Tax Act", has recognized that fact. And the then Liberal government enacted paragraph 3 of section 10, which I will not read. I have it here, it is a bit long and couched in legal phraseology, the chief merit of which is certainly not clarity.

I am informed that, in many cases, those elected municipal officials cannot benefit from the provisions of the act, because their allowance is not considered as expenses, and that it must be added to their income. It will be agreed that the St. Laurent government took a step in the right direction, and it will be agreed also that after eight years, it is now necessary to take a further step.

In the last eight years, the expenses of mayors and aldermen, and of school trustees, have increased for all kinds of reasons, and it does not seem fair to me that those citizens should be called upon to pay a double tax, that is, both on their income and on the expenses they incur in the fulfilment of their duties.

Must school or municipal boards provide that part of the remuneration shall be considered as a salary and the other part as expenses? On reading over the section I referred to earlier, it seems that this is the case.

However, since it is a matter of income, I do not believe the federal government would be going beyond its jurisdiction if it were at least to investigate the position in which mayors and aldermen of our cities and municipalities, and school trustees, find themselves in this respect.

I believe the government would lose very little in the way of income if a minimum remuneration were made exempt from taxation for these people.

I urge the Minister of Finance to study this aspect of the matter and take corrective action as soon as possible.

Mr. Speaker, I now want to conclude my remarks by talking about confectionery and chocolate manufacturing establishments, and also soft drink bottling plants, in respect of the sales tax. This tax is levied to the extent of 11 per cent, of which 8 per cent goes into general revenue and 3 per cent into the old age security fund. It will be recalled that in 1957, the Liberal government had removed the excise tax on soft drinks. The minister has no doubt received the briefs submitted by the association of confectioners and chocolate makers in 1959 and also in 1960. Those briefs are quite explicit and are worthy of consideration.

There have been situations in the past that made such sales taxes necessary, but it does seem that those situations no longer exist and that taxes on chocolate and soft drinks should now be removed.

The brief emphasizes the fact that at least 10,000 people are employed in the chocolate industry with total earnings of over $25 million. A certain number of people are living from the sale and distribution of those products. Research made on the subject definitely shows that sales of those products are reduced as a result of taxation. The tax also cuts down purchases of commodities used in connection with those products, and this in turn prevents any development of national production in that field. There seems to be no doubt that complete removal or at least a material reduction of the tax, would result in increased production.

A proper promotion campaign could boost consumption and therefore create new jobs at both the production and the distribution levels. The general outcome of such action, as far as revenue is concerned, would probably be increased returns from that tax in relation to the number of sales. I think that in this case the old saying: "The sales make the profit", is particularly applicable.

At all events, people employed in that industry would pay income tax since they would hold jobs, and unemployment would be relieved accordingly.

What I have just said about the chocolate industry also applies to the soft drinks industry. I have here a short brief prepared by the manufacturers and I should like to put a few excerpts on the record. I quote:

> Removal of the sales tax on soft drinks will enable bottlers to:
>
> (a) Employ several hundreds additional workers,
>
> (b) Compete on an adequate basis with tea, coffee, chocolate drinks, canned and non-aerated fruit juices, popsicles, ice cream, soft drink powders, etc.—
>
> (c) Develop their business and provide many local advantages.

The brief goes on to show that removal of the tax would likely enable 573 bottling plants to supply jobs to 1,600 and even 2,200

more men, not including salesmen. To complete this quotation, I should like to put on record the last paragraph of this brief:

> From 1,600 to 2,100 men will no longer be unemployed and the government will not have to pay unemployment insurance on their behalf. Instead, they will promote the local economy with the money they will spend; they will be paying taxes as well as contributing to unemployment insurance.

Those were the remarks I wanted to make in this house about the third Conservative budget.

(Text):

Mr. Speaker: I am sorry to interrupt the hon. member, but I must inform him that his time has expired.

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, may I be permitted to deviate for a few moments from the subject now under debate in order to extend the sympathy of, I am sure, everybody in the house to the hon. member for Cochrane (Mr. Habel), chief whip of the opposition party, in the sad bereavement which he and his family suffered yesterday in the death of Mrs. Habel.

I realize that the annual budget is always an issue of keen national concern. This large budget is no exception, and before dealing with some of the implications may I extend my congratulations to the Minister of Finance (Mr. Fleming) on the able presentation he made the other day. It has been my privilege to observe at close range eight different ministers of finance in this parliament, and I may say that I think Canada has been very fortunate in having the outstanding talent, the high type of character, the devotion to duty and the distinguished service given by all these gentlemen. I feel we are still fortunate in having the hon. member for Eglinton as our present Minister of Finance. In native ability, in culture, in devotion to duty and industry I think he is unexcelled by any of his illustrious predecessors.

I know we all have a sense of pride stirred within us when we read that our gross national product has exceeded $35 billion. I must say, however, that as long as we have an unemployment problem and huge deficits on international payments and trade, I think we should beware of taking the size of the gross national product as a sound yardstick of our progress as the former government did. It is true that it indicates the vastness and variety of our resources and the native ability of our people. It is true that it emphasizes that no matter what may lie ahead we as Canadians hold the blue chips in terms of natural resources. We have more resources than any country with a similar number of people has ever enjoyed and we have need of a farsighted, vigorous, energetic population characteristic of this northern climate.

With respect to those totalitarian people with whom we are forced to compete we must be wary of following the pattern of smug complacency followed by the previous government and of failing to recognize that we are meeting a new form of international competition from another type of society altogether. We have to stop and take stock of the totalitarian dictatorship which now controls half the world. They think they can outdo us, as it were, and gain economic supremacy over us. They believe we have grown soft as a result of our high standard of living and what they regard more or less as our reckless extravagance, short working hours and so forth. They believe we have grown soft and as a result shall fall like ripened fruit into their hands.

I think they underestimate us in holding that view but at the same time I suggest that we must avoid the pride and complacency that seemed to characterize those who ruled this country over a long period of time. We can rejoice in the fact that we have vast resources and a high standard of living but despite this we should at this period in our development tighten our belts a little and go to work in an effort to face the challenge of this problem.

It has been my privilege to watch the progress of this young country for some time both from the fields of agriculture and the factories of industry. I have been privileged by the sufferage of Dufferin-Simcoe to listen to more than one third of all the annual budgets that reported the progress of this dominion in this house and therefore I would feel unworthy of the responsibility that my experience imposes if I hesitated to draw attention to trends that I believe have been and are dangerous to the security and progress of this country. It may be somewhat unpopular to refer to these trends but may I suggest it might be economically disastrous to ignore them.

We must face these issues. We cannot avoid them and we do not desire to. One trend that has been dangerous in my opinion has taken the form of a surrender by all parties to what I might describe as popular or political clamour to have governments do so much for so many. I am not so reactionary as to suggest—indeed, I do not admit that I am reactionary at all, but I do not suggest—that there is not a need for social welfare legislation—I am not unmindful of the fact that while on one hand we talk about our high cost of production and our high cost economy we are, on the other hand, handing out to the people in many cases assistance to

provide things which they should earn for themselves and which falls within individual responsibility to provide. We have a great free enterprise system but it is overburdened with all these costs that must come from the production of that system.

One of the chief reasons why the remnants of the one third great Liberal party are now sitting in the shades of opposition is because approximately one half of our industrial enterprises and three quarters of our raw ore resources are controlled by foreign interests. The people of Canada are anxious to have our economic independence restored before it is too late. That is why we have had the change of government.

With regard to the increasing responsibilities in the field of so-called social welfare, I realize it is probably of little use referring to the value of the dollar in 1925 and the value of the dollar today, but surely it makes us stop and think when we realize that the cost of the welfare aspect to our economy today is more than four times greater than the total cost of all government administration when I first entered this parliament. Surely we should stop and take stock at this stage in our development.

As a consequence of the trend to which I just referred it is probably difficult to reconcile such a highly burdened economy with the economies of other countries with whom we compete in the production of finished goods and where wages are less per day than our costs are per hour.

May I venture to suggest to industry that they must lower their costs to meet this type of competition. That is their chief duty. That is a primary function of business management. Management must devote itself to this daily task in order to survive. The management of Canadian industry today is I believe among the best in the world. It operates with a high standard of employment and maintains the highest wages and shortest working hours and more frequent coffee breaks than business management in any country of the world except the United States, and yet we try to meet the additional burden that confronts us.

It is obvious that industrial management in this country is good or it could not survive under these conditions and pay all the fringe benefits it does and still pay to the government in the form of other charges over 50 per cent of all it makes.

In every branch of our primary industries we have witnessed a revolution in the production of goods with a corresponding reduction in manpower. In agriculture we have witnessed the same thing. We see today that twice as much can be produced as was produced 25 years ago employing one-third as many people. It is estimated that inside of a very few years agricultural production employing only 10 per cent our people will produce more than is produced today.

During this period of transition it is important that we be alert to these changing conditions. When the opposition were in power they seemed almost to have fallen asleep. They ignored these changes which screamed for attention before their very eyes. They did little to provide for employment in other fields of enterprise. They dismally failed to give the necessary encouragement for the establishment of secondary industries and employment therein which industries would process finished products in this country. Indeed, clinging to their old free trade doctrines they encouraged the importation from low wage foreign countries of finished products with a high labour content and apologized for it by expressing the need to buy finished goods everywhere so they could sell our raw products with a low wage content in the markets of the world. It is not difficult to sell goods to someone who wants them or to someone who cannot do without them. This form of economic appeasement has been unsound.

As a result of the policies of the previous administration the expansion of industry and the creation of jobs in Canada was only about half as good as it has been in the same period in West Germany, Japan, the United Kingdom and the United States. It is important to remember that three of those countries, as all hon. members know, underwent destruction during the war. Despite that their industries have been rebuilt. They have increased their industrial activity and employed people just twice as fast, percentage-wise, as Canada has.

Do not let us fall into the old Liberal habit of believing in that kind of optimism where you say that everything is fine as long as it does not happen to me. This country is strong and virile. Indeed, it has to be to stand that type of complacency. It has also, to the extent to which I have referred, failed to maintain its place in probably the most active industrial expansion period of the world. Like the lost minute, those days are gone forever. Had we not failed in that period the immigration policy would be different today. We would not be having a curtailment to less than one third of the immigrants we brought in in 1913. We would not have had the situation where 510,000 of our educated boys and girls were going to the United States to find employment in the last five years of the former regime.

These things should be studied, Mr. Speaker. There was a time when they should have been taken at the flood. There was a time in world prosperity when we should have been alerted in a business way rather than stay in this smug complacency. The result of it is we find ourselves today with international deficit payments of $1,500 million and a trade deficit of over $500 million, and dividends going out of this country to those who control half our industry and three quarters of our raw resources. At the end of last year it amounted to $500 million. That did not come about because this government was elected; that did not come about overnight; that was established and left, with the consequent growing unemployment, on the doorstep of the present government. For the second time in my years in this house we have had that heritage from the Liberal champions of free trade.

Then, Mr. Speaker, we have a lack of population. My hon. friend is mumbling something but I hope he is thinking more than he is talking. We find that the lack of population is closely associated with the unemployment problem. I am sure that it is recognized by every hon. member within the sound of my voice as the chief problem and as the chief challenge of this government today. What does the opposition suggest as a solution? The only solution I have heard is that of enlarging the free trade pattern which did so much to create the problem itself. The opposition has suggested free trade with the United States. Then, they suggested free trade with the United Kingdom, but they backed away from that one very fast. Now they have gone farther afield and out into the Atlantic and they say, "We want free trade within NATO. We do not know what we are going to do with the inner six; we do not care what happens to the outer seven, but we will take them all, let the chips fall where they may."

This old doctrine of free trade was outmoded 50 years ago. This reckless trend which has been developed and followed under such complacency, the habit of using our gross national product as the only yardstick, disregarding, as they did, trade deficits every year but one in 10 years before this government came to power, measuring prosperity as they have, exporting our raw products as a specialty and importing finished products as a political expediency, has been as unfair to labour as it has been unsound and extravagant to our economy.

For over 30 years I have sat here and listened to vigorous debates on the unemployment problem, only to see it temporarily relieved from time to time by the grim necessities of wartime. That is not good enough and I do not believe we have to endure it. I think it can be improved and under this dynamic government that we have elected it will be improved. It has become almost chronic.

At this point, Mr. Speaker, may I pay a tribute to my old friend and colleague, the Secretary of State for External Affairs (Mr. Green), for his untiring and capable influence with other countries toward disarmament. I mention it because we all hope and pray that he may be successful and that we shall have a substantial measure of success. Here let us pause and realize that if he is successful, and if we accomplish the goal we are all striving for, there will be a change in the economic picture. We will have to find a place for those who have been toiling in the extravagant and wasteful work of producing the defence equipment that we have all felt was so necessary. These men must be placed somewhere else; we must find some form of employment for them. Owing to our swiftly changing labour conditions, opportunities for increased employment are not going to be found in agriculture or in the production and exportation of other raw products.

May I again emphasize what I believe has been a tragic misapprehension indulged in by many in this house, namely that we must accept finished goods, with a high labour content, from other countries before we can sell our raw products in other countries. I have repeatedly said this in this house. I am speaking about the manufacturing industry because I am interested in the labouring man. I have probably less manufacturing in my riding than many others. I have no personal interest in management, and I am not connected in any other way at the present time with the manufacturing industry, but I am conscious of the fact, as I believe every hon. member is, that that is the only avenue in which we can find employment to absorb the boys and girls we are now educating. They must be employed by the manufacturing enterprises in this country.

I do suggest that so far as having to buy the finished goods from the countries where we sell our raw products is concerned, as everyone knows, while we hold those blue chips in raw resources and the United States is depleting hers we have a market for those products there and in many countries of the world. Does anyone suggest for a moment, in saying that we have to buy the finished products before we can sell our raw products, that a steel plant that buys the raw ore from Labrador or from Steep Rock will go to the textile people in the United States and say,

"We want to get another load of iron ore. How about the Canadian home market? Have you been able to absorb it all? You are selling twice as much as they are producing for themselves. You are getting in on their textiles, but do you think you are getting enough of them?" Does anyone for a moment think that is the situation? No, Mr. Speaker. It might happen in a country under a dictatorship, but it does not happen in those countries where we hope to develop our greatest trade.

Do not let us forget, that the United States and other countries buy raw products from us as and when they need them. If it were otherwise, we might achieve a favourable trade balance. We buy more finished products from the United States than any other country, and this has been true for the last half-century. We have been buying more every year during the last 10 years except one, and that was during the Korean war. If that theory is sound, then why does the United States of America not take our uranium when we want to sell it so badly? Stop and think about it, gentlemen.

I can well recall the days when the Liberal party was in power, and twice in the history of their government the United States closed us out of their market for western cattle and other agricultural products. There was the Fordney-McCumber tariff in the late 1920's and the Hawley-Smoot tariff in 1929. The late Right Hon. Mr. King warned us to be careful not to provoke the United States with any trade proposals because of our raw products going to the United States. We were buying a million dollars worth of products per day more from them than we were selling and yet overnight, Mr. Speaker, as you will recall, they closed their market to our western cattle and agricultural products.

I mention these things to remind this house and to remind the country that we do not need to take the finished products of these foreign countries to the exorbitant extent we are today merely for the sake of selling raw products which have less workmanship content in them. This policy is unfair to labour. It is extravagant and unsound to our economy. Surely, if we learn slowly, we learn by experience that this condition is not as it has been represented.

No, Mr. Speaker, let us not forget that after all when we need markets so badly the only market in the world over which we have any control is our own. It is one of the greatest markets in the world. No similar number of people buy so much in the way of manufactured goods and consumer goods. We buy as many automobiles, frigidaires, radios and television sets as many countries that have over 100 million people. This is a great potential market that will give increased employment and will do more to solve the problem of markets for agricultural products in the long term than all the parity prices and novel ideas that we have had presented as solutions for agricultural problems. No other development is as necessary as the development of that home market.

The possibilities for development of that market are illustrated by the fact that we are paying about $270 per capita for products from outside the country. Just stop and think of it; that is 10 times per capita more than any other important industrial country in the world ever bought from outside its borders. Should we wonder that we have unemployment, that we have to build post offices, give handouts, enact social legislation and so forth? I have always known that you cannot put much politics into business, but let us try in this time of challenge to put a little business into politics. Let us observe these facts that are screaming for solution. I think the United States of America buys about $28 per capita of products from outside the country.

I am glad to observe that our government has taken into account the difficult conditions in the textile and other manufacturing industries. I am glad they are taking a step in the right direction in that regard. I am glad to observe that they are trying to get away from that free trade pattern that was set by their predecessors. This is a change for which the people of Canada voted; this is a change which the people of Canada expect from this government, led by a dynamic Prime Minister (Mr. Diefenbaker), who is supported by one of the ablest cabinets we have had in Canada since confederation. This government has more numbers behind them, and more youth and clean-cut ability than I have experienced in my time. This is a great opportunity to put into effect the policies for which this party stands, the traditional policies for the development of our own resources within our own country. I am sure that is what this government is trying to do. Despite the handicaps that manufacturing industry has had, the high taxes, stubborn competition, they certainly employ more people, pay more of our taxes and give needed freight tonnage and freight revenues to our railways to a greater extent than all the other industries of Canada combined except mining.

I can only suggest that it is rather amusing to me that those who are struggling to hold together the tattered remnants of the Liberal party, are feebly drawing attention to the related problems of unemployment. You

would imagine this problem had only developed since the election. It has been said that Rome was not built in a day. These issues have not developed overnight. We find that unemployment has been almost chronic for some time in this country. They tell us now that the unemployment situation is bad and that our per capita debt is terrible. You would think these conditions only arrived overnight. They do not tell you that the debt more than doubled in the last five years of their regime. They say the international balance of payments situation is bad, but they do not tell you that during the last five years of their government our deficit in goods and services totalled over $6 billion. This heritage has again been dropped on the doorstep of the incoming government.

These are some of the reasons the opposition gives for having no confidence in the present government. May I suggest it is very amusing because it just emphasizes why the public has not any confidence in them. In the interest of enlarging our home market for farm products, employment for an increasing population and strenghtening our national economy, I urge the government to restore confidence and stability in our manufacturing industries. Changes must be made in that old free trade pattern that has already threatened our economic independence. Had it not been for the extravagant stimulus of defence production, this dangerous trend would have been far more conspicuous.

The manufacturing industry is indigenous to a sound economy. Its encouragement and expansion are now as equally challenging to the government as are the agricultural problems. These two industries are complementary and neither needs to be sacrificed in the interest of the other. The employment in the factories of industry is as vital to this country as the work in the fields of agriculture.

I say again, and this may be politically unpopular, that it is economically dangerous to avoid this problem. The future of our industrial growth is unlikely to be confined to either the St. Lawrence or great lakes areas. Indeed, Winnipeg now challenges the record of Hamilton, as we see the smokestacks rising in the wheat fields of Saskatchewan. Edmonton and Calgary seem to hold happy arguments as to their greatness in their rich and lucky province. Indeed, the hope of the maritime provinces as well as the great prosperity of British Columbia depends on the steady growth to which I have referred. We are facing a new age in these swiftly changing times in a world that is becoming industrialized more rapidly all the time.

[Mr. Rowe.]

I do not believe our customs and tariff structures in this country have changed much in 50 years. I think it is high time that we streamlined and modernized our approach to these gigantic problems as we face days of possible economic adversity such as we have never experienced previously. As you know, Mr. Speaker, our tariff structure has been kicked around all during these years as a political football. I have had a couple of passes at it myself. It has been nicknamed to suit the season and to suit the occasion. It has been called "reciprocity" sometimes. At others it has been called in debate "brick for brick", "don't provoke the U.S.". At other times it has been called a "countervailling duty plan". Sometimes the policies have been fixed more in Washington than in Ottawa. It is about time that we took a straight or new look and did a little bit of a face-lifting job on our whole customs and tariff structure which has not had an investigation since 1907. I think we must modernize and streamline this approach.

In this regard may I suggest and urge upon the government the necessity of giving consideration to the enlargement of our tariff board so that it might give hearings to direct appeals and submissions from producer and consumer organizations that might expedite its findings and recommendations accordingly to the government.

Before closing may I again mention the general agreement on tariffs and trade, commonly known as GATT. This is another child of the former government left, for better or worse, on the doorstep of the present government. We were told by the former government that before they went over to negotiate this treaty, "we lowered our tariffs more than anybody else before we entered negotiations, and that is why they liked us so much". They made the agreement. Strange as it may seem, the present government has adhered to it more diligently probably than many of the other signatories. However, if our industrial employment is going to be unduly endangered by adherence to GATT, I think we had better consider the advisability of having a more practical fiscal policy made in Ottawa rather than in Geneva. Even in these days of such great international tension and uncertainty we cannot afford to sacrifice our economic independence on the altar of world diplomacy.

In closing I wish to pay a compliment to our dynamic Prime Minister for his efforts, during election time and since then, to bring to this great young country of Canada a greater degree of national unity. In that regard I believe we can all say that this government has succeeded to no small degree. In our provincial and dominion relations, and

in all classes, races and creeds are more closely united than they have ever been at any time since I entered parliament. I believe a great deal of credit is due to this vigorous new government in Ottawa. Despite these challenges and despite our troubles the future is not as dark as some might think it to be. I believe it will be a brighter future if our people are encouraged to face realities. I believe we need that same type of unity that marked the habits and practices of our people in this country when our survival was at stake, at that time their achievements surprised the world. I believe that type of unity between the west and the east, the farmer and the manufacturer, industry and labour, the capitalist and the shareholder, and between provincial and dominion governments must be re-established. Our people will then guarantee a sound economic future that can maintain a way of life that no other people have ever approached.

Mr. Hazen Argue (Assiniboia): First of all, Mr. Speaker, I shall like to associate myself and the C.C.F. party with the opening remarks of the hon. member for Dufferin-Simcoe (M. Rowe) in which he expressed the great sorrow of all of us on learning of the passing of the wife of the hon. member for Cochrane (Mr. Habel), the Liberal chief whip. To our colleague and to the family we extend our utmost sympathy at this time in their bereavement.

It was like old times, Mr. Speaker, to listen to the hon. member for Dufferin-Simcoe. He has played a distinguished part in the public life of this country for many years. Sitting now on the government side of the house he has shown today something of the old fire and talent in debate that we have had displayed so often in the house. As a friend for some considerable length of time I want to tell him sincerely that I hope he will in the future avail himself of the opportunity to speak more frequently than he has in the recent past. I am sure he would receive the same kind of attentive hearing he was given this afternoon.

The hon. member started out by pointing out some of the great issues facing the people of this country. No one could have pointed them out more ably than did the hon. gentleman. As a matter of fact, during his opening remarks I was wondering whether he thought he was still on this side of the house because he was pointing out the great deficit in international payments that faces this country, the greatest deficit in history. He was pointing out the tremendous amount of unemployment in this country.

Mr. Pallett: That is not accurate.

Mr. Argue: That is correct.

Mr. Pallett: No. Look at the statistics.

Mr. Argue: He was pointing out the tremendous amount of unemployment in this country that has not yet ben dealt with. He went on further to say that these were at least two of the problems that is was necessary for our country to solve, particularly in view of the great challenge to this nation and to other nations in the western world from Soviet competition at this time. However, when the hon. gentleman came to his solutions I think he showed that the Conservative party, particularly if it should follow his advice, is not likely to deal—certainly not in a satisfactory manner—with these great problems that face our country today.

I think the Minister of Finance (Mr. Fleming) made a very basic decision many months ago and that was that no matter what happened as far as other questions are concerned, no matter what the degree of unemployment in the country, no matter what the condition of the agricultural industry and no matter what the position of the old age pensioners, the budget would be balanced with as little increase as possible in expenditures. That purpose the Minister of Finance has accomplished and he seems to be highly satisfied with the state of affairs in our country today. In his budget speech, amongst other things, he said this as reported at page 2669 of *Hansard*:

> Twelve months ago when I introduced the last budget we were emerging from a recession.

As reported on the next page he went on to say this:

> Last year we emerged from a recession—

As far as the Minister of Finance is concerned, he feels that we are out of the recession and that everything is going well He went on to say this:

> We can look forward optimistically to another year of solid expansion and balanced growth.

I do not agree that we have had a year of solid expansion. I do not agree that we have had a year of the kind of balanced growth that should commend itself to the minister. I think we have witnessed a year just ended in which Canadians were not doing as well, either by way of production or by way of consumption, as they are capable of doing. There are many great problems facing our nation at this time. These problems have not been dealt with and have not been solved. The Minister of Finance was frank enough to point out that there are more unemployed today than there were a year ago. There are 18,000 more persons out of work and looking for jobs than a year ago. The latest figure

is 555,000; a year ago it was 537,000. Yet the minister is prepared by his statements in the budget to allow this situation to continue. He is making a forecast of the same type of general increase in the gross national product for the coming year as he made in the past year. And very obviously the government has decided that it is going to live with unemployment and it is perfectly prepared to allow unemployment to continue at its very high level.

The government has not brought forward a policy to deal with farm income. The government is reverting to the open market system. It is pulling the props out from under the supports for many agricultural products. It is using the technique of deficiency payments. It announced the other day a small payment by way of deficiency payment on one grade of eggs, and still the producers who brought to market eggs of other grades will receive no payment whatsoever. In the meantime they have lost the benefit of the support for purchase prices that helped maintain a somewhat higher price for those other grades.

The government announced a few weeks ago—I was not in the house at the time; had I been I would not under the rules of the house have had an opportunity to make any comment at that time—that it was saying "No" to the western agricultural delegation. This came as a very distinct shock and great disappointment to the producers of western Canada who had placed so much faith in this government. They had come to Ottawa asking the government to fulfil its promise of providing parity prices. They had asked the government to consider the price-cost squeeze. They had asked the Prime Minister (Mr. Diefenbaker) to go at least part way toward fulfilling his promise of providing deficiency payments.

But what have they received? I think they received very bad treatment from the Prime Minister. I think they received rather insulting treatment when they had to wait for almost a full calendar year before the Prime Minister finally made up his mind, although ostensibly he was considering it all this time, and said "No, there is nothing for you". We are hoping that this does not close the door for the duration of this parliament on the very important and well documented case of western producers for some assistance. The budget was a disappointment in that no mention was made of any improvement of the position of our agricultural producers.

So there is widespread unemployment. The agricultural industry is being placed more and more at the mercy of the open, unregulated market against which organized agriculture has complained for so many years. We have seen in 1959 Canada's net indebtedness on international payments reach the highest figure in Canadian history. The hon. member for Dufferin-Simcoe (Mr. Rowe) pointed out this afternoon, very properly, that this means our country is in hock to this extent to foreign investors, mainly investors to the United States, and that to the extent signified by these figures our industry is coming more and more under the control and domination of United States capital. The hon. member went on to point out that it was not just a case of an adverse balance of payments on merchandise trade, but that to the extent of $600 million or more we had to pay out obligations as a result of investment of outside capital in Canadian industry.

This raises once more the whole question of our independent control and management of our own industries. How often did government members when they were on this side of the house point out the great dangers that flow from an excessive control of Canadian industries by outside capital? Here, then, is the third great problem facing the Canadian people at this time and about which this budget said little except to accept, in the words of the Minister of Finance, this inflow of capital; and he went on to say that in his opinion it was in the best interests of this country.

There are other problems facing our nation, and I think these problems must be solved in the interest of a higher standard of living for Canadians as well as in the interest of greater control of our industry by Canadians.

The other problem I refer to is the growing number of legalized rackets in the country that result in an exorbitant cost of living for Canadian consumers. I have made some study of the drug industry and I think there is ample evidence to show that Canadians today are paying exorbitant prices in this country for drugs. Canadians' health needs for drugs are being exploited, and I suggest this is a field in which this government and other governments should take immediate and appropriate action.

I have a number of examples of cases where prices charged for certain drugs are, I think exorbitant. The publication "Gilbert Surgical News" of Toronto lists the cost of terramycin hydrochloric capsules at 100 for $42.08, whereas sold under the generic name of oxytetracycline hydrochloric the price for 100 capsules is $28. Similarly, with the brand name Pen-Vee tablets 100 are sold for $50.62,

and under the generic name of phenoxymethyl penicillin 100 are sold for $18. It has been reported that in the city of Toronto hydrocortisone acetate tablets in the 20 milligram size are laid down at a cost of $40 per thousand. Under the brand name of Hydrocortune acetate they retail at $295 per thousand. It is reported that Largactil, the brand name for a drug known as chlorpromazine hydrochloride in the 25 milligram tablet which is laid down in Toronto at a cost of $2.75 per thousand, is being retailed at $80 per thousand, almost a 3,000 per cent mark-up.

Here is an instance where appropriate action should be taken, action which would result not only in preventing inflation to some extent but also in rolling back the cost of drugs, a very important item in the budgets of a great many Canadians. I have advocated the placing of this whole question before a committee of this house for study and investigation. Although I am a member of a movement which is very much in favour of public ownership and public development, we are not advocating public ownership for the sake of public ownership. However, the production of drugs is one field where a crown corporation producing essential drugs —not gobbling up the market; not establishing itself as a monopoly, but setting itself up as a pilot production plant—could be very instrumental in controlling the price of drugs.

Mr. Rynard: I wonder if I could ask the hon. member through you, Mr. Speaker, if he realizes that the system of imposing controls upon the production of drugs such as, perhaps, he is advocating—I am not too clear—has resulted in a situation where during the years the Russians have been working under it not one new drug has been produced under that system, whereas in Canada and the United States hundreds of new drugs have been produced, leading to the saving of millions of lives.

Mr. Argue: The hon. member may know more about what is coming out of the Soviet union than I do, but I have read about the vast array of new drugs which are being produced in this country, and in the words of those who are authorities in this field even the minds of some of our medical doctors are being brainwashed by the amount of advertising of certain brand names.

Mr. Rynard: Perhaps, Mr. Speaker—

Mr. Argue: I am prepared to answer the hon. member's questions when I sit down, but my time is limited.

I think there are many examples of exceedingly efficient public enterprises. I might mention, for example, the Polymer Corporation, which in another field has done much to keep down the price of rubber. I am not suggesting wide-open public ownership in this area, but I am suggesting that now is the time when parliament should take action in the interest of the health and welfare of Canadians.

There are other rackets in which prices are charged which are altogether exorbitant. In addition to an inquiry into the drug industry I should like to see an inquiry undertaken into the cost of the basic material used in the production of dental plates. There was a report of the combines investigation commission in 1947 which showed that the manufacturing cost of a set of blanks at that time was 15 cents, while the cost to the dentist was $4. Here is another case where there should be a public inquiry.

There is another racket which is widespread in this country to which the government has closed its eyes, and that is the racket in interest rates. Small loan companies, moneylenders, those who provide money for second and third mortgages, are charging interest rates of 15 per cent, 20 per cent, 25 per cent, 30 per cent or more. Here is a whole area in which action should be taken to reduce the cost to consumers of essential goods, thereby reducing the general cost of living and, perhaps, even resulting in a general reduction in the price level in this country.

I feel that the budget should be a plan that it should set forth the government's program to increase production, to increase the welfare of Canadians. I have pointed out some of the problems. I want to make it abundantly clear that in approaching these problems we feel solutions should be found in an atmosphere of the fullest freedom and public discussion. Freedom in this country is not just a question of maintaining parliamentary democracy, though that is essential. It is also a matter of making certain that we have a free press and freedom of discussion; freedom for the dissemination of information.

We feel that in so far as it can be avoided we should resist any growing monopoly in the field of mass media; the field of newspapers, radio and television. Royal commissions have studied this important question in the past. Recommendations have been made that outlets in this field should be separated and independent as far as possible. I believe that the growing concentration of newspapers in Canada has now reached a point which would indicate the desirability of a parliamentary committee inquiring into the degree to which this concentration exists, the rate at which it is being accelerated and to what extent this process impairs the free

and frank reporting and discussion of public questions. That is why I have on the order paper a resolution asking that a parliamentary committee be set up to look into this whole matter. We are disturbed about the situation which is arising in this country. We are disturbed by what we feel is a potential threat to freedom of discussion in our nation.

We know that the board of broadcast governors decided the other day to recommend the award of a television outlet in Toronto to the *Telegram*, a newspaper in that city. We question the desirability of newspapers owning or controlling television outlets. We question this development, and we say, along with the royal commission, that whenever possible it is better to have independent outlets and that as far as possible there should be a separation of control as between newspapers, television and radio.

We are looking to the day when there can be a much more rapid development of the Canadian economy. We wish the government would take action as proposed in our subamendment to encourage the accumulation and investment of Canadian capital in Canadian industry, and we think that in all the actions taken by the government everything should be done to protect our resources in the interest of our country. I have been reading in recent days some of the documents which were presented before the energy board, some of the evidence which was provided in connection with the applications for the export of natural gas from our country. I have noticed that with the minister's announcement the government is making provision for the export of vast quantities of Canadian natural gas to United States markets over a period of 25 years at varying prices to a number of companies. We feel strongly that Canadian resources should be developed in the interests of Canadians.

We participated in the pipe line debate in this house in which the government of the day was accused of providing from the substance of this country the material and resources that would result in creating new millionaires and in a greater control of Canadian resources by Texas buccaneers. We have been exceedingly disappointed in that this government since it took office has done nothing to ensure that the resources of Canada are developed more in the interests of Canadians and that no action has been taken to ensure that no more millionaires will be created and that there will be a reduction in the control of these resources outside our nation.

[Mr. Argue.]

I anticipate much discussion this session of the award made involving the export of gas to these various companies. The people of British Columbia have a particular complaint in that they are being charged a higher rate for Canadian gas than is being paid by United States citizens. I am not satisfied that the energy board obtained the best price for this gas. There seems to be much evidence that the United States market is so large and the demand by United States consumers so high that a higher price could have been obtained for our natural gas. The gas in the southern part of Alberta should to a greater extent be used for Canadians. Since it is our gas it should be Canadians and not the people of the United States who should pay the lower price for bringing gas from the more northerly part of Canada.

There is no indication that I can see that the government through approving the recommendations of the board has not approved everything it comdemned when in opposition. It has gone along with the trans-Canada pipe lines setup. The export of gas is being provided for that company. Even with the development of the export of Alberta gas to California, United States interests are obviously in control of this great operation to the extent, we are convinced, that Canadians are getting less than they deserve from this natural resource.

The figures placed before the board by the government estimate that for the first year of operation Pacific Gas Transmission Company will make a net return on its investment of 12.6 per cent. The Alberta Natural Gas Company will make a net return on its share capital of 14.5 per cent. These are high profits. There is little by way of risk. The market is there and all that has to be done to assure a large profit is to provide marketing facilities.

The whole question of leverage was gone into. In the days ahead I believe it will be seen that this government like the former one has played an undesirable role in making new millionaires and in providing additional millions to present millionaires. It has continued to allow the exploitation of our natural resources without giving the necessary consideration to the welfare of the Canadian people whose property these natural resources happens to be.

As the hon. member for Dufferin-Simcoe has said, our society faces a great challenge today. Many Canadians are disappointed in the budget. I am certain that unemployed Canadians are disappointed that the government has no program to remove unemployment. I am certain that the agricultural producers who look to this government for

help are disappointed. I am certain that some hon. members of the Conservative party are disappointed. The hon. member for Dufferin-Simcoe is disappointed that unemployment remains at a high level. I think there are some in the world who are probably pleased with the budget. I would think the occupants of the Kremlin must look with satisfaction at the fact that Canada has unemployment, regional poverty, and that racketeers in the country are exploiting the welfare of ordinary Canadians. They will be pleased that Canada which as the hon. member for Dufferin-Simcoe said is endowed with more natural resources for its population than any other nation in the world is just limping along. We will have to do something about these problems not only in the interest of Canadians but in the interest of maintaining Canadian freedom and maintaining Canada as a leader among middle powers.

I am not prepared to admit we cannot solve the great problems that face us but the government does not know the problems exist. The Minister of Finance has closed his eyes to them. He has talked about a balanced growth and has forecast for the coming year the same increase in the gross national product he referred to in the last budget. All these great problems are going unsolved and apparently the government is happy that they are not being solved.

There are a number of principles which should govern our action as a nation in the days ahead. First, we should not be satisfied with our degree of freedom but should increase it. This government should be concerned, as it has not been, with the abrogation of freedom in Newfoundland. The government failed to raise its voice with respect to racial discrimination in South Africa and has side-stepped the issue when questions have been raised on orders of the day. Humans in that nation were whipped to work just as they were on this continent many years ago under slavery and yet the voice of Canada is soft when it comes to this world issue. We should speak out firmly for the protection and preservation of freedom in Canada and anywhere in the world where it is threatened. If we want to have respect in the councils of the nations we cannot have one standard for nations in the commonwealth and another standard for those outside the commonwealth.

The second principle is that as a nation we should invest more in our resources so we can develop them in the interest of the nation. The third principle is that we should embark on a full employment program in Canada, with greater production, and we should not have the smug satisfaction of the Minister of Finance who shuts his eyes to the suffering of half a million Canadians out of work.

Fourth, Mr. Speaker, I suggest that action should be taken to increase efficiency, to reduce prices, to eliminate waste. One of the places to start is here. We should eliminate excessive prices of essential commodities in our country.

Fifth, I am suggesting that we take appropriate action within our constitution to provide educational opportunities for every Canadian, irrespective of the pocket book of the individual wanting that education, or the parents of our young people looking for an education.

Sixth, contrary to the view of the government that now is the time to hold on, that now is the time to resist any extension of welfare services, I suggest that now is the time to embark on a program of old age pensions for retired persons in Canada which will maintain a pension in keeping with the great productive wealth of our nation. In other words, now is the time to increase old age pensions and social security benefits. I suggest that now is the time for an increase in the health benefits available to Canadians.

Why should Canadians who are sick and need medical attention have to face the tremendous cost of that medical attention? We have a hospitalization program. It is a good program. It will soon be available in every part of Canada. Let us not be satisfied. Let us increase the program. Instead of it being a net liability to Canadians, which apparently is the view of the government, it would be a tremendous asset to our nation to have a program that would remove the fear of heavy medical expenses in time of ill health.

The seventh principle I advance is that we must do everything we can at all times to maintain the integrity and the independence of the Canadian nation. I am not against the people who live in any other country. I feel that citizens of the United States, of the United Kingdom or of other countries in the world have within their jurisdiction the development of the resources of their own nation. We should have the same jurisdiction in Canada. I submit that if we adopt the kind of principles I have put forward we shall improve our standard of living, we shall improve our democratic machinery, we shall improve life in our nation and, above all, we shall make certain that this great development of Canada is for Canadians.

Mr. Rynard: Mr. Speaker, I wonder whether the hon. member for Assiniboia would answer a few questions? One of the things we have to consider and one of the things we have

to be very careful about is that we do not set back the manufacturing of and the bringing out of those new drugs. One of the things that I want to say to him is that about 80 per cent of all drugs—

Mr. Deputy Speaker: Order. I would ask the hon. member to ask one question.

Mr. Rynard: I have a question I was leading up to. Eighty per cent of all new drugs used today were produced in the last 20 years. The hon. member talked about the cost of prescriptions. One third of the prescriptions issued cost from $1 to $1.99. I ask the hon. member where the high cost comes in there? And only 7 per cent are for $5 and over.

I ask the hon. gentleman another question. He spoke about an investigation into this. Is he going to stop the import of those drugs from Japan and from those other countries that buy the raw material and do no research whatever in the production of new drugs? In other words, would he be instrumental in denying the tremendous cures that we have had in the last 20 years through the production of those new drugs simply because the firms have been allowed a little profit which they can plow back into research?

Mr. Argue: I thank the hon. member for his important questions. I would not wish to do anything that would stop the development of new drugs.

Mr. Rynard: That is what the hon. member is suggesting.

Mr. Argue: I would think the development of new drugs is not so much the result of the fabulous profits that are made by some of these drug manufacturing companies but in the main is the result of the company having put together a very large and talented research team, and a research department where people in the main are working on salaries. It is through their research department that they have developed their new drugs. They have not been developed because of the profit motive.

Of course, I would do nothing to discourage drugs coming into our country, needed drugs that have been developed in other nations. I would encourage those drugs being brought into our country by encouraging a lower price that people can afford to pay. I am not talking about reasonable profits. I said I felt there should be some public development; that the production of some of those drugs should be carried on as a pilot operation, not to control the market. If the manufacture of those drugs, in proportion of the instances, was done at a low price I believe the manufacturers would control some of these mark-ups. I do not think my hon. friend would agree that a mark-up of 3,000 per cent is quite necessary.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I would like to add my words of sympathy to the hon. member for Cochrane (Mr. Habel) upon the loss of his wife. I think all hon. members of parliament, irrespective of which side of the house they sit on, realize that the whole foundation of our society rests in the home and that the loss of the wife breaks up the home and disrupts the individual. I know I speak for all backbenchers in that regard.

I am also very happy to follow the hon. member for Dufferin-Simcoe (Mr. Rowe) and the hon. member for Assiniboia (Mr. Argue). We backbenchers, we newcomers to the House of Commons, feel that the hon. member for Dufferin-Simcoe is a sort of father of this party, one of the elder members. We remember him in our early days. He used to come out to speak in Saskatchewan and Alberta on behalf of the party. When he speaks we all look to him for wisdom.

I am also very happy to follow the hon. member for Assiniboia, the house leader of the C.C.F., because I may say to him personally that we graduated from the same university. I remember him in those days when we used to debate together. I did not think or realize at that time at the university that he was a socialist. I doubt that very much today.

Mr. Argue: I sat with the C.C.F. in the students parliament in 1940.

Mr. Woolliams: I do not know whether you did.

Mr. Argue: I did.

Mr. Woolliams: I will not answer that now.

My first words are words of congratulation to the Minister of Finance (Mr. Fleming). I cannot help but believe that all hon. members, irrespective of where they sit, appreciate and will accept the premise that the personal prestige and stock of the Minister of Finance are greater and have surely increased since his call to the all-important position of Minister of Finance. He has piloted this country through an economic recession which this government inherited in 1957. On budget night he was able to prophesy a surplus for the coming year. I think great credit is due the Minister of Finance for his policies, recommended to the government, which enabled him to bring in a budget in 1960 which indicates that there will be a surplus next year.

It is always most astonishing for me, as a backbencher, to listen to the inconsistencies

of the members of the opposition. We had some good examples of them today. This is the type of inconsistency that bothers me as a backbencher. Some days the hon. member for Assiniboia gets up and says that this government is financing on a deficit, and is this not terrible? This will lead to nothing but bankruptcy. Then on another day when he is speaking on estimates or some other subject he says, spend more money for the farmers; more money for the pensioners; more money for this and that. This is the type of inconsistency that is very difficult to follow so far as the opposition is concerned.

Mr. Argue: It can still be balanced at a higher level.

Mr. Woolliams: After all, when we took office we inherited a recession in this country and through the efforts of this government, the spending of $1 billion on housing, the increasing of subventions for the coal industry, pouring more money into the unemployment insurance fund, we were able to bring the economy of Canada into a state where we can now see we are moving out of recession and into prosperity. For example, we have spent millions of dollars on a farm support program.

I should like to come now to inconsistencies that are exhibited by an opposition group that does not now sit in this House of Commons—they used to sit here—and I refer to the Social Credit group. Many of the members of that group who sat in this house are now members of the legislature at Edmonton. As this house knows, the Social Credit party has the largest majority in the legislature at Edmonton in the history of Alberta. If they were to criticize themselves, therefore, they would destroy their own house. They have taken on a new function in the province of Alberta and that is the criticism of federal policies. I do not believe any Conservative member of parliament would be disturbed about people going to the polls and defeating him on the basis of principles for which he stood. I am sure he would accept that defeat with good grace. However, I would hate to be a candidate in the constituency of Bow River and realize that I had been defeated by false statements, statements which misrepresent the policies of this government.

I want to come now to a problem that concerns the province of Alberta, and concerns particularly the Bow River constituency. I refer to the coal industry. I might say that, so far as Bow River is concerned, there are two particular parts that mine coal. The first is Canmore and the second is Drumheller. Farther south in the Macleod riding is the Crowsnest pass area. These false statements and these misrepresentations to which I refer this afternoon have been made in the legislature with regard to this industry during the last five or six weeks. I believe it is my duty and my privilege as a member of parliament here to answer this new opposition who, by the way, have seen fit, because they are the critics of the federal members of parliament from Alberta, to increase their remuneration in order to compensate them for these new responsibilities.

I refer to an article published about a month ago in the *Herald* which says, "Get off fanny and aid coal industry". This is a criticism directed toward this particular government. I should like to refer also to a statement made in the legislature by the hon. member for Pincher Creek, to which reference is made in the press as follows:

> Mr. Kovach said he has heard a lot of talk about Japan emerging as a market for Canadian coal, but so far not one ton from southern Alberta has been exported to that country.

This is the kind of misrepresentation about which I am talking. What has been the policy of this government in so far as the coal industry of western Canada is concerned, and I want to deal with western Canada because I am not one who knows the problems of Nova Scotia and the other coal mining areas in Canada. Let us just look at the record for a few minutes. When this government took office we immediately started a program of sales for coal to Japan and, in 1957, the first contract was entered into. As a result of that 40,486 tons of coal were sold. In 1958, 21,505 tons of coal were sold. In 1959, 192,857 tons of coal were sold. I am told by companies with which I have contact in Japan now that Mitsui Busan and Company Limited and Marada Steel Company are negotiating for another contract for 470,000 tons of western coal to be shipped to Japan. When you read statements made by the Hon. Gordon Taylor, minister of highways for Alberta, and other members of the legislature to the effect that there has been no coal shipped out of Alberta to Japan, and realize they are setting themselves up as critics of the federal government, then the record must be set straight. These are the people whom we must meet and with whom we must deal so far as our political future is concerned in Alberta.

Let us look at the truth about the coal industry so far as southern Alberta is concerned. What are the main criticisms they make? They say there is coal being imported into Canada from the United States. I think we will accept that. Coal was coming into Canada during the time of the Liberals, and we are prepared to say there has been coal coming in from the United States during the term of this government. Let us look at the

facts. There are three types of coal mined in southern Alberta. In Canmore, which is a town nestled in the Rockies on No. 1 highway between Calgary and Banff, they mine anthracite coal. This particular coal is used for coking coal, industrial coal, and that is the type of coal which Japan has been buying for its industries.

Then, the Crowsnest pass has coal. The members from Nova Scotia will know exactly what I am talking about when I say that this is a high bituminous coal. The coal in the Crowsnest pass area is on the border between British Columbia and Alberta and is the type of coal that is used in industry. It was the type of coal that was used by Canadian National and Canadian Pacific to create steam for their locomotives. This market was lost when the railways changed from steam power to diesel power. The railways, of course, did that for reasons of economics.

Then, last but not least, we come to the coal that is mined in Drumheller. The valley town of Drumheller is a good, prosperous town in that part of Alberta which is one of the best farming areas anywhere in the province. But as you drive from the town of Drumheller you drop into what might be categorized as a canyon, and there in the valley are the various coal mines that have been operating since the early 1900's. It was from these mines that the domestic fuel was obtained to keep the farm homes warm, to keep the homes warm in the villages, towns and cities of many areas. This coal is not bituminous coal, nor is it anthracite coal. This coal is sub-bituminous domestic fuel.

Let us look at these arguments. For years, the Social Credit party has been telling the coal miners and operators in Drumheller that this coal coming in from the United States is the reason the miners are out of work. By the way, for the last 15 years there has been a great problem in the Drumheller valley in so far as the coal miner keeping his shifts going in the summer months is concerned. They say that this coal is coming in from the United States, and that is the problem. Let me make myself very clear in this regard. The coal that is mined in Drumheller is not bituminous coal. The coal that comes from Pennsylvania is bituminous coal and is used in the industrial centres of Ontario. It is an entirely different type of coal from that which is mined in Drumheller. It would not matter whether one lump of coal came in from the United States or 20 million tons, it would not affect the Drumheller area because the coal that is mined in Drumheller is a domestic fuel which has been used for that purpose for the past 60 years, the Drumheller coal could not and cannot be used in this class of industry.

[Mr. Woolliams.]

Something new has appeared on the horizon in Canada. Our newspapers are full of it now. I refer to the competition between fuels such as oil and natural gas. Mr. Manning who heads that party and is prime minister of Alberta honestly admits that the reason there is a labour problem in the Drumheller valley is the competition of oil, propane and natural gas. Today when we go on farms in western Canada, the same as in eastern Canada, we find that these homes are heated in the winter by oil or propane. We need only to go to places like Calgary, Edmonton and other urban centres in Alberta or places in Saskatchewan or Manitoba in order to find that natural gas which is clean and convenient is the new domestic fuel.

It is because of the development of the petroleum industry in Alberta—and I am one who stands in my place and endorses it—that the onus by the provincial government has been put on the coal operators and these men have been put out of work who live in Wayne, East Coulee and other places, to which I could take you this afternoon. While the Social Credit party have wanted to take credit for the development of the petroleum industry, they will not take the blame for the adversity of the coal industry. There we have the inconsistency. There we have the misrepresentation. There we have the false position in which they stand today as far as this industry is concerned.

I might say that when you read on in this article you find that Hon. Gordon Taylor minister of highways, places the full onus of the problem of unemployment in the Drumheller valley on the federal government, he places it not only on this government but on the Liberal government. Surely a province that has received $1 billion from the petroleum and natural gas industry, and which by the development of this industry has seen this change-over from the energy of coal to the energy of petroleum, has some responsibility to these people in the province of Alberta who are unemployed owing to that new industry.

Last but not least, the province of Alberta, since the Social Credit party took over has received millions of dollars in royalties from the coal industry but not one of those dollars has been put back into the industry either to help the operators or the coal miners. That is the reason why I brought in provincial politics this afternoon. They are playing federal politics and I suggest it is up to members of parliament from Alberta to answer these misrepresentations concerning the coal industry and other industries about which they care to speak in their legislature. The Social Credit government instead of giving the facts actually preach falsehoods.

I should like to direct the remainder of my remarks to the natural gas industry of Alberta. The recent announcement by the Minister of Trade and Commerce approving the decision of the energy board in granting licences to four companies, namely Trans-Canada Pipe Lines Limited; Alberta and Southern Gas Company; Canadian-Montana Pipe Line Company and Westcoast Transmission Company Limited, to export natural gas from western Canada will mean three real benefits economically to this country. First, it will create an industrial expansion in Alberta and the rest of Canada beyond the vision of the greatest visionary. Second, it will assist Canada in correcting its unbalanced and unfavourable trade with the United States. Third, it will create top flight jobs for Canadians and full employment in the province of Alberta and in other parts of western Canada.

We have heard from the Liberal party some criticism in this chamber of late of the delay in the export of gas. I should like to answer that criticism this afternoon. But before doing so I should like to refer to an article which appeared in *Saturday Night* of February 6, 1960. It was written by Edwin Copps and it was headed "The Energetic Energy Board". This is what he said:

> If all its performances are as good as its premiere—

He was speaking of the board.

> —the national energy board may stand as one of the Diefenbaker government's best acomplishments to date. At its first public hearing in Ottawa this month, the new five-man board put on a show of efficiency and expertness—

In brief he said that of all the things we have accomplished this one may go down as the greatest of the Diefenbaker government. What does he say about the situation if these licences to export gas were approved and as to what it would mean? I am going to deal with that matter in a few moments but first I want to read further from the same article at page 22 of the magazine:

> If all these permits are granted, the revenue to Canada from the gas sales alone will be upwards of $170 million a year. The resulting expansion in Canada's natural gas industry will create some 40,000 new jobs, yield a livelihood for some 200,000 Canadian citizens. It will trigger a $500 million program of new industrial development in the country—pipe lines, gathering systems, processing plants and all the other elaborate installations the natural gas industry needs.

What a contrast that is to what the hon. member for Assiniboia had to say. In one breath he speaks about unemployment and in the next breath he is opposed to the export of gas. This article states that the resulting expansion will create 40,000 new jobs in Alberta, will create 200,000 new jobs throughout Canada and will bring each year $170 million into Canada from the United States in order to help, as I said previously, to balance our unfavourable trade relations with that country. I say this personally; I have said it outside of this house and I say it here today. I think this will be the greatest boon for western Canada since the early days when agriculture began to boom in the early 1900's.

What has been our stand in this regard? The Liberals have accused us of delay. Let us see where the Liberal party stood in the province of Alberta. Since 1951—and I can speak with some authority in this regard—the provincial Liberal leader at that time, namely Mr. Prowse—he gave up the leadership in 1957 to Mr. Grant McEwan—was opposed to any export of gas in Alberta. Mr. Grant McEwan, speaking in the Bow River riding during the provincial election in 1958 and in the Thorncliffe area in the city of Calgary made the definite statement that he too was opposed to the export of natural gas from Alberta to the United States. Both these leaders have stood out against the export of natural gas from the province of Alberta. How can the Liberal party here in the opposition say that we are responsible for the delay when their party took the stand in western Canada that they were against any export whatsoever? We also have the record of another member of their party, a senior member of the legislature for many years. I refer to Mr. Hugh John MacDonald. He is still against the export of gas.

What has been this government's stand? When this government took office—and I have said this previously but I should like to repeat it—this government set up the Borden commission. Why was the Borden commission set up? It was set up so that the facts would be obtained and determined with regard to how much natural gas we have for the foreseeable future needs of Canada and how much surplus we have to export. What was their report in that regard? Their report was quite simple. They said there were proven reserves in the province of Alberta of 23.7 trillion cubic feet and an estimated reserve of 300 trillion cubic feet. Then when the energy board was set up they revised the figures and said there are actually proven reserves of 30.5 trillion cubic feet. Those figures do not mean much unless you take a look at what Canada needs for its foreseeable future requirements.

Before I read these figures out, let me just say something more about the board. How can you ever come to a decision or how can the energy board ever come to a decision without the proper facts before them? How

can a judge come to a decision when he is judging a case unless he has the evidence before him? Hence the energy board was set up. This energy board should have been set up five years ago or ten years ago. These facts should have been before the proper department so that the export of gas could have gone forward two, three of four years ago from the province of Alberta because the figures now show that we had necessary surplus reserves.

To come back to the question of what are Canada's needs in the foreseeable future, keeping in mind the fact that we have in the province of Alberta proven reserves of 30 trillion cubic feet, may I say this? We will use in 1960 an estimated amount of natural gas of 344.15 billion cubic feet, and by 1989 we will need 1,608.63 billion cubic feet. If you add up all our needs from 1960 to 1989 you will find we will need approximately 29,765 billion cubic feet, which is approximately 30 trillion cubic feet.

In other words, we have proven reserves in Alberta for the needs of Canada for the next 30 years. That was stated in the report of the energy board. Even at a conservative estimate, if we find 2.5 trillion cubic feet of gas each year by normal exploration—this is set out in both the Borden report and the energy board report—we will probably have to drill between 360 to 400 new wells a year. It is estimated that by 1989 we will have in this country proven reserves of 92 trillion cubic feet of natural gas. So not only can we take care of our foreseeable needs in the future of Canada but we can take care of those export commitments and have a reserve of some 40 trillion cubic feet at the end of that time.

Therefore I say without any reservation, and I have taken this stand in the house and outside, that I am in favour and always have been of exporting natural gas from western Canada. Today we have the proof and I want to congratulate the Minister of Trade and Commerce (Mr. Churchill) for recommending and approving on behalf of this government the export of gas to the United States.

Now I want to answer some criticisms offered to this government by the hon. member for Assiniboia (Mr. Argue) when he talked about millionaires. I take this position. Since when was it a sin to make a dollar out of farming? Since when was it a sin to make a dollar out of natural gas? Since when was it a sin to make a dollar out of any business? The labourer has come a long way since the day I dug manholes in the streets of Moose Jaw in 1938 to work myself through university. Labour realizes today that when business makes a dollar, they, too, can make a dollar and their standard of living goes up accordingly. How can labour earn higher wages if the industry which employs them is insolvent? That is something which I feel is a lesson that the leader of the C.C.F. party would do well to learn. I repeat; when business does well, so does the labourer because, as the hon. member for Dufferin-Simcoe said today, we in Canada have the highest standard of living in the world.

Now I come to one last point, and that is the reference to some criticism which has been offered of our leader, the Prime Minister (Mr. Diefenbaker). During this session in particular there have been some personal attacks made against him. Often they referred to his statement that as long as he was Prime Minister of Canada he would see no man or woman would suffer. I think it depends on what definition you put on the word "suffer". I think in my day when I was unemployed as a young man if I could have enjoyed unemployment insurance I would not have suffered. But I do know this, and I know everyone will agree with me, that there is no place in the world where we have a greater opportunity than right here in Canada.

When I was in Japan I listened to their problems, and when I told them of our problems they laughed. I said our problem is that we have too much butter, that we have too much beef, that we have too much wheat, too much uranium, too much natural gas and too much petroleum. What a problem. But what an opportunity for 18 million people if those people today will go out and work—and I think they will because I have confidence in Canadians —with the same vision of the pioneers who developed this country. I think that is the type of vision that our leader the Prime Minister has in reference to Canada.

I learned my lesson well when I listened to the hon. member for Port Arthur (Mr. Fisher). He said the members of parliament should take home a bag of books every night. So I started taking home a bag of books every night, and by good fortune I picked up an article written on January 21, 1947 about a distinguished member of parliament, and at that time he himself was just an ordinary M.P. This is what this writer had to say. He is a distinguished writer for the Ottawa *Citizen*, Austin F. Cross, who was writing in "Western Business and Industry", volume 21, January 1947, page 54. He wrote:

> John Diefenbaker is no ordinary member but a national figure. It was he who was making himself heard in the councils of the great, it was the member for Lake Centre putting Lake Centre on the map. That's why this Saskatchewan riding returned him by the astounding majority of 1,009 on June

11, 1945. With every other Progressive Conservative candidate in Saskatchewan beaten, even with the Liberals ending up with a mere two members of parliament, John Diefenbaker came through as easily as if the had been running in Toronto.

Last but not least he says this:

What about tomorrow?

He was talking about his characteristics.

I'd say that John could go as far as they want him to go. In parliamentary debate he is as good as the best, most of the time. Buttressed by the authority that being in the government lends you he would make a superb cabinet minister. He could fill any one of half a dozen portfolios with distinction. If, by the long arm of circumstance—

This is certainly looking into the future.

—he some day was given the party leadership, he could make not only a great but inspired prime minister.

Nothing that needs ability, nothing that calls for ambition, nothing that demands enterprise, would stop John Diefenbaker on his climb to the top. All he wants is the call. When or if it comes, John's ready.

I would say to those critics who personally attack our Prime Minister that I, as a man of western Canada who has seen the development of his character, am confident as I stand in my place that I speak for every member on the back benches, and I am sure they have full confidence in the leader of this party and the Prime Minister of this country.

(Translation):

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, I want first of all to associate myself with those who, this afternoon, offered their condolences to the Liberal opposition whip in this house, (Mr. Habel) on the death of his wife. I wish to tender him my deeply felt sympathy in his cruel bereavement.

Mr. Speaker, during the few remaining minutes before adjournment, I propose to speak of the budget, but in another way than is usually heard in this house.

First of all, I must commend the hon. member for Kenora-Rainy River (Mr. Benidickson) for the brilliant manner in which he outlined the situation, in reply to the speech of the Minister of Finance (Mr. Fleming). He put his finger right on the problems now facing the Canadian public, contrary to the Minister of Finance who, wearing a wide grin, complacently stated in this house that everything was for the best under Conservative rule.

Mr. Speaker, I want briefly to point out to hon. members that everything is not as perfect as the Minister of Finance said it was. As a matter of fact, I wonder whether the Minister of Finance, the Prime Minister (Mr. Diefenbaker) and all the friends of the Conservative party who are in this house, do not feel a bit awkward when rising before the Canadian people to say that all goes well, when everyone in Canada knows that we have now over 800,000 unemployed in this country. How could they help being embarrassed, especially after the Conservative leader formally promised throughout this country that "if he was returned to power, no one would suffer in Canada".

Mr. Speaker, there are people who suffer in Canada, but the Prime Minister offers no excuse for not keeping his promises. Furthermore, there was the other promise to the effect that the day after the elections he was to launch "a famous billion dollar public works program". We are still looking for the projects that would come out of that promise. A tax reduction had also been promised as soon as the Conservatives returned to power. We have had tax increases instead. The end of budget surpluses had also been promised, since taxes would be lowered. That promise, Mr. Speaker, has indeed been kept because instead of surpluses we have had deplorable deficits, three of them in a row, since our friends opposite were returned to power.

And, today Mr. Speaker, the Minister of Finance, all smiles, is announcing that he foresees a $12 million surplus for the coming fiscal year. Well, this prospect of a $12 million surplus, take it with a grain of salt, because we recall the promises made by the Conservative party during election time, and which were never kept at any time or in any way.

The Prime Minister had promised to find new markets all over the world for our manufactured products. Has he found any? Not at all, Mr. Speaker. We are now faced with an export deficit, the volume of our exports being lower than that of our imports.

Mr. Speaker, the Minister of Finance said all sorts of things, but this is precisely what he forgot to tell us the other evening in his budget speech. If I may, Mr. Speaker, I should like to go back over the record of the last two years and mention some points which the minister has omitted.

On the day of the Minister of Finance's speech, two years had elapsed since the Conservative party was elected to office, and on the occasion of that second anniversary, it is fitting to recall what our dear Conservative friends have given us since they took over this great country.

First, I should recall the C.B.C. strike, which was settled after unbelievable delays on the part of the government, not to mention the part played by the Minister of Labour (Mr. Starr) who practised an ostrich policy and stuck his head in the sand to avoid looking at the problems. There is also that famous matter of winter navigation which the Minister of Transport (Mr. Hees) had promised. As for agriculture, it is completely depressed. There is also the notorious feud between members of the government and the governor of the Bank of Canada. Then there was the fight over the "tight money policy", which was also covered by a definite promise by the Prime Minister who had declared that if he was returned to power he would do away with the tight money policy. Yet money was never so scarce as it has been since the Conservatives were returned to power.

Mr. Speaker, there is a deficit in exports, and a slow down in house building, where the situation is getting worse. Everything is known. We read it in the papers: there will be less house building this year than ever before.

While we are discussing problems of much interest, we, from the province of Quebec, note that the ministers from the province of Quebec never take part in the discussion, and merely keep silent when mention is made of problems of such importance as federal-provincial relations, the trans-Canada highway and unemployment.

I say, Mr. Speaker, that it is a shame to see ministers remain in their seats and make no effort to take a stand in such important circumstances.

When the government is reminded of unemployment, the depression, the tight money policy, the conflict with the governor of the Bank of Canada, the confusion in national defence, the mess in agriculture, our friends opposite reply: "You are prophets of doom and gloom, you have no confidence in your country, you see nothing but blue ruin."

Mr. Speaker, I would very much like to be able to sing praises about the budget introduced by the Minister of Finance. I would like, as would all Canadian citizens, to be able to rejoice over the achiements of a Tory government. But like everyone else, I cannot help facing the fact and, in the face of those facts, I cannot help blaming the Conservative government.

Mr. Speaker, a moment ago, I saw the hon. member for Bellechasse (Mr. Dorion) enter the house. This reminds me that last year, during the debate on the budget, the hon. member for Bellechasse said that we in the opposition, reminded him of those thunder plagiarists who were talking as loud as they could in order to imitate the noise of thunder.

Allow me, in my turn, to make another comparison and to tell you, while looking at our friends opposite, something altogether different.

When I look at the Minister of Finance with his serene air, his grin, his tight lips, when I see him proudly introduce in this house a sorry budget, I cannot but think of that popular French song entitled:

"Tout va très bien, madame la marquise". (All is for the best, madam Marchioness.)

It is the story of a marchioness who was going out on a trip. Before leaving, she phoned her lackey and said:

Hello John, how are things going?

And John replied:

Oh don't worry, madame la marquise. Only, added John, I have a little something to deplore. I might as well tell you—the roof fell in, the house burned down, the stables are on fire; the poultry was destroyed, and your mare has run away.

Apart from this, madame la marquise, all is for the best—don't worry—for the best.

Mr. Speaker, thinking of my friend the Minister of Finance, who said that everything was for the best in the best of worlds, whereas everything is wrong and everybody tells him so, I prepared, as a counterpart to the remarks of the hon. member for Bellechasse, who spoke about the plagiarists of thunder, a small poem—which, though not in the grand manner, rather aptly points out present conditions in this country.

Now listen to this little piece, based on the song "Madame la marquise". As you will see, it concerns the budget and the administration and I shall not stray from the matter now under discussion. Here it is:

Hello, hello, John, what news—

Mr. Asselin: Sing it.

Mr. Dupuis: No, I shall not sing it; but it will soon be heard on a record. The hon. member for Roberval (Mr. Tremblay) would sing it well.

Mr. Tremblay: I prefer to sing duets.

Mr. Dupuis: The hon. member for Roberval—

Mr. Tremblay: I would not sing such nonsense.

Mr. Dupuis: No, because you have a soprano voice and this should be sung by a bass.

Mr. Tremblay: I'd rather have the voice of a soprano than that of a eunuch.

Mr. Dupuis: I know you never do it on your own.

Mr. Speaker, here is the beginning:

Hello, hello John, anything new?
You said that "No one will suffer"
Say, my dear John, that can't be true
Under Mister Diefenbaker.

And now, Mr. Speaker, I come to the chorus. It is Mr. Diefenbaker speaking; here is his reply:

Everything's well, madame l'électrice
Everything's well, everything's well
But I must say . . . There is a little twist
A little twist of no import:
Hundreds of thousands unemployed
Are suffering and seeking jobs
But after all, madame l'électrice
Everything's well, everything's well

(Second verse)

Hello hello Bill—

This refers to the Postmaster General.

Hello hello Bill, anything new?
And what about the Post Office?
Tell us, have all your dreams come true,
Have you done better than the Grits?

And here is the Postmaster General's reply:

Everything's well, madame l'électrice
Everything's well, everything's well
But I must say . . . There is a little twist
A little twist of no import:
In post offices they used to steal
They're stealing now our trucks and jeeps
But after all, madame l'électrice
Everything's well, everything's well.

Hello Donald, anything new?
Tell us about your last budget
Will it be gay, will it be blue?
Do you foresee a deficit?

Here is the Minister of Finance's naive reply:

(Chorus)

Everything's well, madame l'électrice
Everything's well, everything's well
But I must say . . . There is a little twist
A little twist of no import:
Added to all our promises
Just put a twelve million surplus
We are victims of a vision
Making a little confusion
We had to raise maybe too much
The taxes that we were to cut
A new sickness, a sorry mind
Sends you to Senate for a lifetime
In all the banks of our country
Reigns the "tight-money-policy"
Our M.P. for L'Assomption
Flaps his wings like an old "pigeon"
On a BOMARC for a journey
General Pearkes left suddenly
The exports of our nation
Are smothered by importations
Clement Brown and Noel Dorion
Are expecting a promotion
The eggs, the hogs and the chickens

Mr. Martial Asselin (Charlevoix): Mr. Speaker, I rise on a point of order. It is my impression that house orders do not allow a member to refer by name to another member; he must refer to the constituency.

Mr. Dupuis: Mr. Speaker, I am reading a poem.

Mr. Asselin: Even if it is a poem, the standing orders of the house should be observed, and I would ask you, Mr. Chairman, to rule on this point of order.

Mr. Dupuis: Mr. Speaker, on the point of order, may I point out to my colleague that I did not name any member of the house. What the rules forbid us to do, is to address an hon. member by name and telling him: "You are this and that". I am reading out a poem telling us that Mr. Dorion did something.

The previous speaker said several times: "John here and John there". He did not call him by name but he was speaking of the Prime Minister, quoting from a paper.

Mr. Asselin: Mr. Speaker, still on a point of order, I shall point out that the representative who preceded the hon. member for St. Jean-Iberville-Napierville read out an item but did not call a member by name as did my hon. friend.

Mr. Dupuis: I am calling nobody by name. I am reading out an item referring to Mr. Noel Dorion—

Mr. Chevrier (Laurier): Mr. Speaker, on the point of order, if you were in the chair this afternoon, you have doubtlessly noticed that on five different occasions at least, members were called by name. So I believe that if such practice was tolerated this afternoon, the same treatment should be granted the hon. member who now has the floor.

Mr. Deputy Speaker: Of course, the standing orders of the house demand that we should refer to a colleague by mentioning the name of his constituency rather than his surname. However, I thought I understood the hon. member for St. Jean-Iberville-Napierville quote some work, whose author I do not know, so that, in the circumstances, he might perhaps be allowed to conclude what he has to say.

Mr. Dupuis: Mr. Speaker, I am not surprised at my hon. friend's interjection. Of course, this hurts him, and I understand that very well.

So, as you have suggested, Mr. Speaker, I shall go on with my remarks.

Before I was interrupted, I was reading a poem by the hon. member for St. Jean-Iberville-Napierville. I have also taken the

trouble to explain that it is not written in fine literary language. However, it does describe the conditions prevailing in Canada.

Mr. Pigeon: Do you have a verse on the scandal of the Jacques Cartier bridge?

Mr. Dupuis: Frankly, I think the Associate Minister of National Defence (Mr. Sevigny) could tell you that. I saw his picture in a paper this morning, and I think it describes the situation fairly well. So, Mr. Speaker, may I go on—in any case, I am nearing the end:

> The eggs, the hogs and the chickens
> Are crushed by Harknesses' ceilings

Mr. Tremblay: I knew that—

Mr. Dupuis: Now look at that. The hon. member for Roberval is piping up.

> We realize a little late
> That we made a lot of mistakes
> But after all, Madame l'électrice,
> Everything's well, everything's well.

Well, Mr. Speaker, our friends opposite may interrupt and roar when the facts are being exposed, but not one of them could stand up at this time and deny that the Prime Minister had promised that there would not be one person out of work in Canada under his administration. Not one of our friends opposite could stand up and contend that there is not one Canadian citizen who has voted for the Conservatives and not been worse off since the change. Not one of our friends opposite could deny, despite the statements made by farmers' associations in this country, that our farming population is in serious danger. Not one Conservative member could deny having deceived us, or that the Postmaster General (Mr. Hamilton) has failed to keep his promise of providing two mail deliveries a day when there still is but one delivery a day.

And the Postmaster General who had promised—that they cannot deny—to take measures likely to put a stop to post office robberies, has to cope today with robberies not only in post offices, but also of postal trucks.

Mr. Speaker, the Conservative party has deceived the voters in making promises it knew were impossible to fulfil. They did not keep their promises and it is our duty to call them to account.

And if the hon. member for Bellechasse, looking at the members of the opposition, is reminded of plagiarists of thunder, when I look at the Minister of Finance and the Prime Minister, I say: How wonderful. When everything comes crumbling down, they go up on the mountain and sing: "Everything's well, madame l'electrice."

[Mr. Dupuis.]

(Text):

Mr. J. A. McGrath (St. John's East): Mr. Speaker, in rising to participate in this debate I wish first to join with those hon. members of the house who have expressed condolences to the hon. member for Cochrane (Mr. Habel), the whip of the official opposition party, in his bereavement.

I should also like to add my words to those of previous participants in this debate in complimenting our Minister of Finance (Mr. Fleming) on bringing in a balanced budget designed for these troubled times and one that has been balanced without an increase in taxes. Despite this fact taxes are still lower than when the previous government was in power.

In the time at my disposal I should like to bring to the attention of the house some questions of vital concern not only to my constituency of St. John's East but also of concern to the constituencies of my genial and learned colleague the hon. member for Humber-St. George's (Mr. Batten), the hon. member for Grand Falls-White Bay-Labrador (Mr. Granger) and the hon. member for St. John's West (Mr. Browne) because in each of these constituencies there is located United States defence installations employing many thousands of Canadian citizens.

The Prime Minister (Mr. Diefenbaker) on April 15, 1959, replying to a question asked by the hon. member for Assiniboia (Mr. Argue), stated that as of March 31, 1959 there were 4,324 Canadian citizens employed on United States bases in Newfoundland and Newfoundland-Labrador. This is a matter of interest and concern, as I said before, not only to my own constituency but to the constituencies of other hon. members in this house.

In my own riding of St. John's East there is located on the shores of Quidi Vidi lake a beautiful white city which was originally known as Fort Pepperrell and in later years as Pepperrell air force base. This is one of the four bases given to the United States by the United Kingdom in the early war years but not necessarily as part of the famous destroyers for bases deal, that deal in which the United Kingdom in our hour of need leased military bases to the United States government in return for 50 destroyers. On the contrary, bases in Newfoundland-Labrador and I believe those military installations in the colony of Bermuda were leased to the United States government on a gratis basis; there was no *quid pro quo*. I cannot speak with authority for the colony of Bermuda but I feel I can speak for the then colony of Newfoundland, which is now part of

Canada. Newfoundland at that time had no elected government. Our constitution was suspended in 1933 because of a financial crisis in the then world-wide economic depression.

These bases were assigned to the United States government at various strategic locations in Newfoundland and in Newfoundland-Labrador territory on a 99-year lease basis. At that time nobody was in a position to argue and present the case of the government and the people of Newfoundland; for ours at that time was a colonial administration, governed directly by Westminster.

The folly of this course of action is now coming home to us. With the great changes in North American defence, the advent of the atomic age, the advent of the ballistic missile, no longer is it necessary for world powers to maintain fighter bases, not to mention bases strictly of a military nature. Pepperrell air force base was one of those bases which was leased in 1940. The people in Newfoundland had no say in the matter. They had no choice, no voice in their sovereign territory being leased to another power, yet a friendly power, for a period of 99 years without a dollar in exchange. Mind you, were I to say that those bases, those United States defence installations, were not a boon to our country and our province now would be to distort the facts, because I would say without qualification that United States defence spending in Newfoundland and Labrador, as an economic factor in our progress, ranks on an equal basis with the economic impact of confederation in 1949.

As I said a few minutes ago, the folly of the action in 1940 of the then imperial government could have had very serious and very tragic human consequences to the many thousands of Canadian citizens now employed on those bases. One thing can be said, namely that it was a very insecure position; nevertheless the fact remains that those people who did accept employment in 1941 did so with the realization that the bases were to remain for 99 years; consequently, it was logical for them to assume that their employment would be of a permanent nature.

Yet, it was not until a few years ago that those four or five thousand Canadian citizens were even enjoying the benefits of unemployment insurance. It was only a few days ago that it was announced in St. John's and in this house that the long fight those people have waged to be recognized as pensionable employees of the United States government in Canada has finally borne fruit. This is of prime importance to my constituents because it has been announced that the United States air force base in St. John's, beautiful Fort Pepperrell, on the shores of Quidi Vidi, is about to terminate its operations. It is with a little nostalgia, it is with a saddened heart, that we say goodbye to those friends whom we have cultivated over the past two decades. I am pleased to say they are leaving under good auspices, because, through the good offices of the United States government, in consultation with the government of Canada, the rights of those Canadian citizens to a pension, which is the least price that can be paid, has been recognized.

Will you call it six o'clock, Mr. Speaker?

BUSINESS OF THE HOUSE

Mr. Chevrier: I ask whoever is leading the house whether there is any indication of what may be done early next week?

Mr. Brooks: There is no change so far as the budget is concerned; we shall go on with that debate. The other business will be announced in due course.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PUBLIC SERVICE SALARY INCREASES—PROTESTS RESPECTING REFUSAL, WINDSOR

Question No. 284—**Mr. Martin (Essex East):**

1. Has the government, or the Prime Minister, received representations from the Windsor and district labour council, or any other labour organization (other than civil service staff organizations), protesting the action of the government in refusing salary increases to the civil service?

2. If so, from what organizations have such representations been received?

3. Has any reply been made to these representations, and of what nature?

Supplementary answer by: **Right Hon. J. G. Diefenbaker (Prime Minister):**

1. Yes.

2. Local 234, bakery and confectionery workers international union of America, Fort William.

St. Thomas and district labour council.

Sault Ste. Marie and district labour council (two communications).

Fort William-Port Arthur and district labour council, Fort William.

Dryden and district labour council.

The Niagara Falls and district labour council.

Oshawa and district labour council.

Toronto and district labour council.

St. Catherines and district labour council.

Lindsay and district labour council.

Guelph labour council.

Windsor and district labour council.

Prince George and district labour council.

Vancouver and district labour council.

Amalgamated postal workers union of Australia, Sydney N.S.W., Australia.

Postal and telegraph association (Inc.) Wellington, New Zealand.

Federation syndicaliste des travailleurs des P.T.T. Paris, France.

Unione Italiana lavoratori postelegrafonici, Rome, Italy.

Postal telegraph and telephone international, Bern, Switzerland.

Postal office engineering union, London, England.

Societe Suisse des fonctionnaires postaux, Lausanne, Switzerland.

Verbana schieveizerischer telegraphen-und telephon-Beamter, Bern, Switzerland.

Federacion de sindicatos de trabazadores al servicio des estado, Lucerna No. 55 Mexico, D.F.

Local 546, united electrical, radio and machine workers of America, London.

Local 535, united electrical, radio and machine workers of America, St. Catharines.

Local 525, united electrical, radio and machine workers of America, New Toronto.

Local 512, united electrical, radio and machine workers of America, New Toronto.

Local 536, united electrical, radio and machine workers of America, Niagara Falls.

Local 505, united electrical, radio and machine workers of America, Niagara Falls.

Local 523, united electrical, radio and machine workers of America, Welland.

The Austrian federation of trade unions, trade union of postal and telegraph employees, Vienna, 1, Austria.

Communication workers, (Philippines alliance) Manila, Philippines.

Postal telegraph and telephone international, Washington, U.S.A.

Sindicato dos trabalhadores em empresas, telefonicas do estado de Sao Paulo, Sao Paulo, Brazil.

Federation obreros y empleados de correos y telecomunicaciones, Buenos Aires, Argentina.

National postal transport association, Washington, U.S.A.

Local 1669, united brotherhood of carpenters and joiners of America, Port Arthur, Ontario.

Local 195, united auto workers, Windsor.

Local 23736, Canadian Labour Congress, Goderich, Ontario.

3. Acknowledgments were sent stating that the representations were carefully noted.

CIVILIAN STAFF REDUCTION, RENOUS DEPOT, N.B.

Question No. 310—**Mr. McWilliam:**

1. Has a recent reduction been made in the permanent civilian staff of the Renous naval ammunition depot, Renous, New Brunswick?

2. When was the last reduction made and what was the number of workers involved?

Answer by: **Hon. Pierre Sevigny (Associate Minister of National Defence):**

1 and 2. A staff reduction took place on April 1, 1959 when one clerk and two typist positions were deleted. On April 1, 1960, one position of painter was deleted.

CASUAL EMPLOYMENT, RENOUS DEPOT, N.B.

Question No. 311—**Mr. McWilliam:**

1. What is the estimated number of man hours, or man days, that will be required for casual employment for the fiscal year 1960-1961, at the Renous naval ammuntion depot, Renous, New Brunswick?

2. What was the total number of man days expended for casual employment for the Renous naval ammunition depot, Renous, New Brunswick, for the fiscal year 1958-1959, and for the period April, 1959 to date?

Answer by: **Hon. Pierre Sevigny (Associate Minister of National Defence):**

1. It is not possible at this time to give an accurate and reliable forecast of the number of man hours or man days required for casual employment at the R.C.N. ammunition depot, Renous, New Brunswick, for the fiscal year 1960-61.

2. The total number of man days expended for casual employment at this depot during the fiscal year 1958-59 was 2,651 man days and for the period April, 1959 to date was 780 man days.

CIVILIAN PERSONNEL, NAVAL AMMUNITION DEPOTS

Question No. 312—**Mr. McWilliam:**

1. Has there been an increase or decrease in civilian personnel since June 30, 1958, to date, in each of the four naval ammunition depots in Canada?

2. If so, what classifications were affected?

Answer by: **Hon. Pierre Sevigny (Associate Minister of National Defence):**

1. There have been changes in civilian complements since June 30, 1958 to date in each of the four naval ammunition depots in Canada.

2. Reductions since June 30, 1958:

(a) Kamloops: April 1, 1960, 2 ammunition workers.

(b) Rocky Point: April 1, 1959, 1 technican 2, 2 typists, 1 chauffeur, 6 ammunition workers. April 1, 1960, 4 ammunition workers.

(c) Renous: April 1, 1959, 1 clerk, 2 ammunition workers. April 1, 1960, 1 painter (spray).

(d) Bedford: July 1, 1958, 2 ammunition workers. April 1, 1959, 2 carpenters.

HOUSE OF COMMONS

Thursday, April 7, 1960

The house met at 2.30 p.m.

PRIVILEGE

MR. CHURCHILL—REFERENCE TO EDITORIAL IN WINNIPEG "FREE PRESS"

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I rise on a question of privilege relating to an editorial which appeared in the Winnipeg *Free Press* dated Monday, April 4, 1960.

The editorial, in part, reads as follows:

> The most serious offence that a Canadian cabinet minister can commit is to misinform the House of Commons on a factual matter of public business. Of this offence Mr. Churchill, Minister of Trade and Commerce, has recently been guilty three times over. The true information about Canada's present position in the field of trade and foreign debt, together with Mr. Churchill's large package of misinformation, are shown today in an adjoining column.

Then, Mr. Speaker, I quote another paragraph in the same editorial, which is as follows:

> Having distorted the figures, Mr. Churchill used them to show that Canada has no need to worry about the prospects of its foreign trade or its accelerating plunge into foreign debt. The government's foreign economic policy, in short, is based on Mr. Churchill's optimistic analysis which, in turn, is based on false figures.

Then I quote a third paragraph from the same editorial:

> Meanwhile, by distorting the known official facts and misleading parliament, the government and the nation, Mr. Churchill has discredited himself as a reliable witness on the vital questions of policy.

Mr. Speaker, every one of those three paragraphs is false. The figures that I used in the speech I made in the House of Commons on March 21 and March 22 were derived from official dominion bureau of statistics publications. No figures were distorted; the known official facts were not distorted; no figures were false or erroneous.

The same false statement about using wrong figures occurs in the heading of an article on the same page of the Winnipeg *Free Press* written by one who designates himself by the initials B.H. The heading is, "Wrong Conclusion from Wrong Figure". The article by B.H. on which the editorial writer purports to base his editorial is similarly misleading and false.

Mr. Speaker, I did not misinform or mislead the House of Commons either deliberately or otherwise. There are other things I might say; there is more detail into which I might go, but I think I have said enough to indicate what is in my mind regarding this matter.

UNITED NATIONS

WORLD REFUGEE YEAR—STATEMENT BY MINISTER RESPECTING CANADIAN PROGRAM

On the orders of the day:

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I should like to make a brief statement concerning world refugee year. Today has been designated as a day on which special efforts will be made in countries around the world to focus public attention on the world refugee problem in order to encourage increased contributions from the public to the world refugee year program.

In Canada a unique program has been planned by the appropriate private agencies. As far as I am aware no other country is attempting anything like it. Mayors and reeves of municipalities across Canada will be proclaiming the last week of April to be national austerity week. During that week Canadians will be requested to deny themselves some luxury or pleasure on which they would ordinarily spend money and to send the money so saved to their local world refugee year committee. In the course of this special week, tag days and other methods of fund raising will be employed in aid of world refugee year.

The government has agreed to follow up the interest engendered by national austerity week by authorizing post offices across the country to use a special world refugee year postal cancellation during May and June. It is hoped that this special postal cancellation, which will read "World Refugee Year—Remember and Give", will remind Canadians during the final months of world refugee year to make their contribution to their local world refugee year committee.

Hon. members will recall that in early March I announced that the government would be prepared to extend the program for the admission of tuberculous refugees and

their families to Canada if suitable arrangements could be worked out with the provincial governments which administer the sanatoria. It may be appropriate for me to state at this time that the replies received from a number of provincial governments have been encouraging, and we have therefore begun the preliminary selection and processing of additional tuberculous cases in the refugee camps. Until these processes have been completed it is, as I said yesterday, not possible to give the specific number of tuberculous refugees and their dependents who may ultimately be admitted to Canada for rehabilitation.

Hon. Paul Martin (Essex East): I am sure all members of this house will join with the minister in impressing upon the Canadian people the desirability of their making a contribution toward a solution of this problem. The government does not, however, in the statements which have been made by the Secretary of State for External Affairs, indicate its intention to extend its own contribution. It is true that the minister has announced that more tubercular cases will be processed, but I suspect this is largely due to the underestimate which was made of the total number of tubercular refugees who could be covered by the original grant appropriated for that purpose by the government.

In any event, the minister does not indicate if the government has accepted the representations made by the national welfare council and other voluntary social and religious organizations which asked for assistance so they in turn might make some definite contribution toward the alleviation of the refugee problem. The criticism, of course, also has prevailed that Canada has been prepared only to take those tubercular cases that were capable of rehabilitation, that the hard core which remains a very substantial part of the tubercular refugee problem, was not one to which Canada was giving the kind of support it should.

It may be that the minister will take note of these observations and find ways and means of integrating them in the program on which Canada has officially embarked. The solution of the refugee problem is something that commends itself to the conscience of all civilized people. It is appropriate that Canada, a country with excellent tubercular treatment institutions, should in this way join with other countries in trying to resolve this world refugee problem.

I venture to express the hope in taking my seat that the government likewise will be continually interested in the resolution of another refugee problem, that in Palestine.

[Mr. Green.]

These are problems that require the careful attention of civilized peoples whose governments are called upon to make a contribution to the solution of these very vital humanitarian problems.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this group has always expressed concern for the welfare of people who are suffering anywhere. On that account we are pleased to hear the minister's announcement which indicates that Canadians will make some personal contributions and sacrifices in support of action by the federal and provincial governments.

In view of this response on the part of various organizations and individuals to do more in connection with making world refugee year a success I urge the government to give further leadership by increasing the number who can be assisted as the result of government action, through responding favourably to representations made to it by such organizations as the Canadian welfare council and religious and other bodies across Canada.

OLD AGE SECURITY ACT

AMENDMENT RESPECTING PAYMENT OF PENSION DURING ABSENCE FROM CANADA

Hon. J. W. Monteith (Minister of National Health and Welfare) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Old Age Security Act to permit payment of pension in prescribed circumstances to pensioners absenting themselves from Canada beyond the periods now prescribed; and to provide also certain saving and transitional provisions to protect and preserve the rights of pensioners so absent upon the date the said measure comes into force.

Motion agreed to.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR LATEST STATISTICS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour if he can give us the latest figures of unplaced applicants in the offices of the national employment service for the latest available date.

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker; 832,823.

Mr. Martin (Essex East): A supplementary question, Mr. Speaker. Would I be correct in saying that is 40,000 over the comparable figure for this date last year?

Mr. Starr: I could not say that, Mr. Speaker—

Mr. Martin (Essex East): I think it is about 40,000 more than the figure for the same time last year.

Mr. Hees: I am sure you figured it all out well in advance.

Mr. Starr: If that figure comes from the Martin bureau of statistics calculations I would have to check on it, Mr. Speaker.

Mr. Hees: What did your bureau tell you?

COMMONWEALTH RELATIONS

SOUTH AFRICA——SUGGESTED WITHDRAWAL OF CANADIAN EXHIBIT AT TRADE FAIR

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. If he does not feel that it comes under his department he might refer it to a colleague.

In view of the discrimination being practised by the government of South Africa, as evidenced by the restoration of the personal identification pamphlet, would the Canadian government as a method of showing its disapproval of such inhumanity to men consider withdrawing the Canadian exhibit now on display at the annual trade fair in South Africa?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, the trade fair in South Africa opened on April 4 and will continue until April 23. We have our own building there. It was constructed in 1958 for the Rand Easter show, and was modified for this year's exhibit. There are about 80 manufacturers exhibiting at the fair, and the displays are chiefly with regard to engineering equipment. With the fair under way and 80 Canadian firms showing exhibits there, it is not possible for the government as such to take any action. I appreciate the hon. member's interest in this matter.

Mr. Argue: Mr. Speaker, a supplementary question. Is it not possible for the government to express the view that those exhibits should be withdrawn? As a further supplementary question, is the minister aware that deteriorating trade between South Africa and other parts of the world has now led business leaders in that country to interview their government, asking—

Mr. Speaker: Order.

Mr. Argue: —for modification—

Mr. Speaker: Order. The hon. member is going well beyond the proper scope of a question by making statements. He is volunteering a statement instead of asking for information.

Mr. Argue: Mr. Speaker—

Mr. Speaker: The hon. member for Moose Mountain.

Mr. Argue: Mr. Speaker, I should like the minister to answer my question.

Mr. Speaker: In due course the hon. member may rise again. I recognize the hon. member for Moose Mountain.

Mr. Argue: Mr. Speaker, on a point of order—

Some hon. Members: Sit down.

Mr. Argue: Yes, I think I can rise on a point of order.

Mr. Speaker: No point of order can arise between the time I recognized the hon. member for Moose Mountain and now, because he has said nothing. The hon. member will have to bide his time.

[*Later:*]

Mr. Speaker: Does the hon. member for Assiniboia wish to repeat his question?

Mr. Argue: I rise on a point of order, Mr. Speaker. My point of order is this. When a member is asking a supplementary question and is endeavouring to place before the house the foundation for his question, even though Your Honour may feel that the supplementary question has been expanded too far—I do not agree that that is what I have done, but it is Your Honour's right and duty to decide whether that has been done—I do not feel that the recognition of some other member removes the right of the person who is about ready to ask his supplementary question; I refer to his right to put his question to the government.

Mr. Ricard: Put it now.

Mr. Argue: It is a long standing rule of this house that a point of order can be raised at any time. I feel that I was perfectly justified in raising the point of order at that time. Other supplementary questions are allowed, and having regard to the importance of the issue I was raising and having regard to the foundation I was laying for my supplementary question, I feel that my supplementary question was in fact in order and that Your Honour should not have used the tactic of attempting to prevent me from asking it—

Some hon. Members: Oh, oh.

An hon. Member: Withdraw.

Mr. Argue: —or should have sought to prevent me from asking the supplementary question.

Mr. Speaker: Order. The hon. member is perfectly entitled to raise his point of order and state his viewpoint. I hope he will not transgress by making references to the Chair as he has just now been doing. Perhaps by recognizing another hon. member I prevented the hon. member from getting an answer to the first part of his supplementary question by reason of his having added to it irrelevant material. If the hon. member wishes to repeat his supplementary question of course he is entitled to do so, provided that the supplementary question is not embellished as it was before.

Hon. E. D. Fulton (Minister of Justice): Speaking on the point of order, Mr. Speaker, may I say this. Perhaps the time has come when this house should examine the practice it is getting into with respect to the asking of supplementary questions. I regret that I do not have in front of me the actual references. However, I have been concerned about this matter because, while Your Honour has allowed—and as I recall it all your predecessors have done so or have been inclined to do so—reasonable latitude with respect to the asking of supplementary questions, I suggest that during this session particularly the supplementary questions, which previously have been confined to probably not more than one or at the most two on any one subject, have been extended on a number of occasions so that as many as six or more supplementary questions have been asked on one subject. As Your Honour will appreciate, this procedure takes the matter out of the realm of questions seeking information on urgent matters and into the realm of debate.

An hon. Member: Cross-examination.

Mr. Fulton: And as somebody behind me says, "and of cross-examination". It is clearly such an enlargement of the principle with respect to the asking of questions as to be out of order. When we had a discussion on a point of order not so long ago, and when I raised a point of order with regard to questions, we were told that this was the custom and it was suggested that I was seeking to limit, or to ask Your Honour to limit, the rights of the opposition with respect to the asking of questions and to run counter to custom.

At that time I pointed out that what I was concerned about was a trend developing which, if not called in question, would then be regarded as having become customary. It is for that particular reason that I now raise this point of order with regard to supplementary questions. If we as a House of Commons do not examine the practice that we are beginning to follow, I am afraid we shall later be told that because the matter was not raised, this has become a custom.

The particular ruling I have in mind is one by Mr. Speaker Glen no longer ago than 1943, in which Mr. Speaker Glen said this. I am not quoting his words verbatim, but I know I reflect their sense accurately. He said that supplementary questions are not allowed by our rules. That was as recently as 1943. There have been rulings by speakers since that time which perhaps were not quite as strict as that by Mr. Speaker Glen but which certainly restricted the asking of supplementary questions to not more than one or two on any one point. Certainly no hon. member, as I recall it in looking at this ruling, has the absolute right to ask a supplementary question.

I submit in brief that the rules of this house, as interpreted by the Speaker of the House, make it clear that supplementary questions are not allowed by right and that if allowed they are allowed occasionally only as a matter of latitude, usually only in order to clear up what would otherwise be some misunderstanding or some gap in the information that had been given in the original answer.

I submit to you, Mr. Speaker, that we are falling into the practice not of raising supplementary questions for that purpose but of using them for the purpose of engaging in debate at a time when debate is not supposed to be taking place. Debate is supposed to take place only when we reach the matters which are on the order paper for discussion as part of the regular business of the house.

I would be prepared to discuss the matter at greater length if Your Honour desires me to do so, but I raise the matter now because, in view of what was said by the hon. member for Assiniboia, I think if the matter is not raised at this time we shall be told later, if we raise it, that the practice has become a custom and should be allowed. I suggest to you, Mr. Speaker, that it is wrong to allow it to become a custom because it is contrary to the rules of this house.

Hon. L. B. Pearson (Leader of the Opposition): Speaking on the point of order, Mr. Speaker, may I say this. I am sure Your Honour will have been grateful for the advice and information you have received from the Minister of Justice, whose interest in and concern about this matter is no greater than that of any other member of the house. The citation in question in

Beauchesne's fourth edition which seems to cover this matter is citation 182, which reads as follows:

The extent to which supplementary questions may be asked is in the discretion of the Speaker.

We are quite content to leave it so.

Mr. Bell (Carleton): Read on.

Mr. Speaker: Order. If any hon. member wishes to read more of the citation he is free to do so. The hon. member for Stormont (Mr. Campbell) appears to have something to add.

Mr. Campbell (Stormont): If I may, I should like to say a word on the point of order. I wish to submit a citation. I believe it is the one to which the Leader of the Opposition has just referred. I am going to read from it a little bit further:

Mr. Speaker Lowther laid down the rule about this on the 5th July, 1915, in the British House of Commons, where the practice is practically the same as ours. He said: "All supplementary questions are irregular and are not provided for at all in any standing order. It is entirely a matter of grace. I may say generally that the object of supplementary questions is to elucidate any ambiguity in the reply of a minister or to seek for some further information if he can give it; but supplementary questions should not be put, and ought not to be put, to embarrass a minister or to lead him to give an answer in a hurry which at a subsequent time he might be sorry that he gave. I will give as much freedom as I possibly can, but at the same time there must be some limits."

I think this citation very forcefully substantiates the position taken by the Minister of Justice.

Mr. Fulton: Somebody has handed me the citation to which I referred, namely the ruling of Mr. Speaker Glen on May 28, 1943. I should just like to put it on the record and leave the matter there. As reported at page 3126 of *Hansard* of that year Mr. Speaker Glen had this to say:

Mr. Speaker: That is hardly a question that can be asked on the orders of the day—

The question had been asked by Mr. Knowles.

—and certainly it should not be put. I must point out further that a practice is coming into vogue in the house of putting supplementary questions to elicit answers in addition to those given by ministers. If the rules permitted it, that would be entirely proper; but the rules do not permit of supplementary questions being asked. I have allowed a number of these questions where explanations or statements by ministers might reasonably be requested, in circumstances where the minister would no doubt wish to have his remarks made as clear as possible. But I must point out that the rule is as I have stated.

Mr. Deschatelets: Mr. Speaker, may I ask a supplementary question?

Some hon. Members: Oh, oh.

Mr. Speaker: Order. If the hon. member wishes to speak on the point of order I will hear him, although I think the matter has been sufficiently debated.

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): I would like to clear the matter just brought up by the Minister of Justice. He has read one decision and only one. I would like to know whether that is the only decision in favour of his theory which he has found since confederation?

Mr. Fulton: No, Mr. Speaker. I can give the hon. member a list. I can refer him to other decisions of Speakers, more or less on this point. Some are not as strict as the one I have referred to, but the tenor of them confirms what I have said. There are decisions in the 1944-45 session, the 1950 session, the 1953-54 session and the 1957-58 session.

Mr. Speaker: The discussion has perhaps not been strictly relevant to the point which was raised by the hon. member for Assiniboia, but as it concerned the business of the house I was glad to have the advice and assistance of members who wished to comment on the use of supplementary questions.

There is no doubt that the supplementary question is at the discretion of the Chair. It is not specifically provided for by our rules; nor is the oral question, which we permit at this time of the day, provided for in our rules. The whole practice is one which has grown up and become established in the course of time.

I think the supplementary question—in moderation—is permissible and desirable where it seeks to clarify an answer which has been given. The objection I took to the question asked by the hon. member for Assiniboia, which I think was his first supplementary although it may have been his second, was that the question itself was quite improper. He indicated later, on a point of order, that the earlier part of his question was in his view a proper supplementary and I offered him the opportunity, if he wished, to repeat it.

As to the time of raising the point of order, I ruled that his question, which had proceeded to give information rather than ask it, was not acceptable by recognizing another hon. member. It seems to me that when an hon. member has been recognized and has not yet said anything it is improper to interrupt him, either on a point of order or otherwise. The hon. member I had recognized might himself be rising on a point of order.

To conclude the matter, if the hon. member for Assiniboia has a supplementary question

which he feels should be asked, I will hear it and exercise my judgment as to whether it should be permitted.

Mr. Argue: Mr. Speaker, as I was about to ask, some 15 minutes ago, is the Canadian government prepared to suggest that the exhibits at the fair in South Africa should, in the interests of non-discrimination, be withdrawn?

Mr. Churchill: Mr. Speaker, on a point of order, I wonder to what extent that applies in this instance? According to May's Parliamentary Practice, sixteenth edition, supplementary questions may be asked if they are necessary for the elucidation of the answers which have been given. I gave a concise answer to the question which was asked which does not require any elucidation whatsoever, and this question is quite out of order.

Mr. Speaker: I think if the minister will review the situation he will recall that the first question asked whether the government would withdraw its participation in the trade fair. The answer, as I recall it, was that the government had commitments to exhibitors and in any event was not prepared to take that course. The supplementary question then asked whether the government would seek to have the exhibits withdrawn. To my mind that does not go beyond a reasonable supplementary inquiry.

Mr. Macdonnell: Mr. Speaker, on a point of order—

Mr. Churchill: Mr. Speaker, I cannot follow the practice of the hon. member for Assiniboia—

Mr. Speaker: Order. The hon. member for Greenwood is rising on a point of order.

Mr. Macdonnell: Yes, Mr. Speaker.

Mr. Speaker: On the same point raised by the minister?

Mr. Macdonnell: No, a new one.

Mr. Speaker: Then, having disposed of that point, I think the minister should have the opportunity to reply if he wishes to do so.

Mr. Churchill: Mr. Speaker, we do not intend, as far as I know, to take any action with regard to the matter raised by the hon. member for Assiniboia, and I so indicated in the answer I gave to the earlier question.

Hon. J. M. Macdonnell (Greenwood): Mr. Speaker, my point of order is a very simple one. Am I right in understanding that when you yourself are on your feet nobody else is supposed to be on their feet? If that is the fact, then may I point out this rule is being constantly broken.

[Mr. Speaker.]

HEALTH AND WELFARE

NEWFOUNDLAND—REPORTED RADIATION HAZARD IN FLUORSPAR MINE

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Can the minister state whether steps have been taken to ascertain whether there is a definite radiation hazard to men working below the ground with Newfoundland Fluorspar Limited, as a report in this morning's *Globe and Mail* indicated?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, the occupational health division of my department has been co-operating for some time with the Newfoundland department of health and the provincial mines department, and has surveyed the working conditions in this mine. It was found that radiation levels did in some cases exceed the recommended limit of exposure, but I am informed that measures have already been taken to reduce these to a point well within the margin of safety.

TELEVISION

REFUSAL TO BROADCAST CONSERVATIVE NATIONAL CONVENTION OF 1942

On the orders of the day:

Mr. R. L. Hanbidge (Kindersley): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. If he has not received notice of this he may take it as notice. My question is based on a question raised by the leader of the C.C.F. group (Mr. Argue) and by the Leader of the Official Opposition (Mr. Pearson), as reported in *Hansard* of Tuesday, April 5 at page 2910.

Was the official who is said to have refused to let the Leader of the Opposition be televised the other night the same official who refused to let any part of the proceedings of the Conservative national convention in Winnipeg in 1942 be broadcast? Was that refusal in 1942 based on an order of the government of the day for fear that there might be aid and comfort for our enemies of those days?

Mr. Speaker: Order.

STATEMENT ON CANCELLATION OF INTERVIEW WITH LEADER OF OPPOSITION

On the orders of the day:

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, although I may not have an answer to the question just asked by the hon. member, I do have an answer to the question which was asked me

the other day by the hon. member for Assiniboia regarding the cancellation of a telecast, not the one of 1942.

I am informed by the Canadian Broadcasting Corporation that an interview with the Leader of the Opposition, proposed as part of last Saturday's hockey telecast intermission, was neither scheduled, refused nor cancelled by the corporation. A suggestion for such an interview was made and then withdrawn by the advertising agency which handles the hockey account. The corporation further informs me it cannot speak for this agency, nor can it be responsible for the treatment of news reports related to this matter.

UNEMPLOYMENT INSURANCE

ELLIOT LAKE—NEW REGULATIONS RESPECTING HOLIDAY AND SEVERANCE PAY

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Minister of Labour whether he has now received a report from the advisory committee of the unemployment insurance commission on the matter of severance pay at Elliot Lake?

Hon. Michael Starr (Minister of Labour): No, Mr. Speaker. May I say a brief word of explanation. The committee met on March 4; this is the report I got from the unemployment insurance commission. It met on March 4. Recently, as a result of that meeting, a report was made to the unemployment insurance commission. The unemployment insurance commission asked the advice of the justice department as to one of the items in the report. The Department of Justice gave an opinion to the effect that the recommendation could not be implemented. Consequently the committee has reconvened to meet tomorrow in order to decide that particular matter. I am advised that a report should be made in the early part of next week.

PENITENTIARIES

BRITISH COLUMBIA—REPORTED CRITICISM OF MEDICAL FACILITIES

On the orders of the day:

Mr. W. A. McLennan (New Westminster): Mr. Speaker, I should like to direct a question to the Minister of Justice. Has the minister any comment to make on a west coast radio broadcast made last night by Jack Webster criticizing the medical facilities at the British Columbia penitentiary?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I understand there was such a broadcast, but I have not seen the text and therefore am not in a position to make any comment or give any answer to anything that may have been said therein. But I should like to advise the hon. member that over the past few days I have received complaints about the medical facilities at the British Columbia penitentiary, and I have now asked for a report on this subject so that I may be in a position to determine what steps, if any, are needed to improve these medical facilities.

CANADIAN BROADCASTING CORPORATION

REQUEST FOR IMPROVEMENT OF RECEPTION IN SOUTHERN ALBERTA

On the orders of the day:

Mr. Arthur Smith (Calgary South): Mr. Speaker, I wonder whether I might ask the Minister of National Revenue, in his capacity as reporting minister for the Canadian Broadcasting Corporation, whether the corporation are prepared to improve their transmitter facilities at Lacombe, Alberta, in order to provide better reception so far as audibility is concerned for the residents of southern Alberta.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the hon. member, as well as others, has spoken to me about this matter on various occasions. I have taken it up with the Canadian Broadcasting Corporation, and I am advised by the corporation that improvement of these facilities is very high on the priority list of projects.

IMMIGRATION

IRENE REBRIN—STATEMENT RESPECTING DEPORTATION

On the orders of the day:

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, in reply to questions which have been asked in the house by the hon. member for Cartier and the hon. member for Kootenay West with reference to Miss Irene Rebrin, may I say that this woman was admitted to Canada as a visitor and subsequently sought to change her status and remain here permanently as an immigrant. After an inquiry held under the provisions of the Immigration Act she was ordered deported because she could not comply with specific provisions of our immigration laws and regulations applicable to immigrants. She appealed against the order, as provided under the Immigration Act, and the appeal was dismissed.

This case has been carefully reviewed to see whether the strict application of the law should be waived by the exercise of the

discretion vested in the minister under the Immigration Act. However, on the basis of classified information available to us we are satisfied on security grounds that the deportation order should not be interfered with.

HOUSING

NUMBER OF INSURED LOANS IN FIRST QUARTER OF 1960

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Public Works, notice of which I sent to his office earlier today. Will the minister advise the house of the number of insured loans made during the first quarter of 1960?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I want to thank the hon. member for sending notice of his question. The number of approvals of insured loans in the first quarter of 1960 was 1,731. The hon. member will be glad to hear that in the last two weeks the rate of approvals has been stepped up, in that there were 367 approvals for the week ended March 25 and 264 approvals for the week ended April 1. Therefore the rate for at least the last two weeks is at about the same level as it was last year with respect to loans by life, loan and trust companies.

Mr. Garland: May I ask a supplementary question. In view of the fact that the figure just given by the minister represents, I believe, approximately a 75 per cent decline compared with the 1959 first quarter figure, can the minister say what steps, if any, have been taken by the government to encourage greater participation by the approved lenders for the balance of 1960?

Mr. Walker: Mr. Speaker, this is not a debate. We completed that debate two weeks ago. As my hon. friend knows, the government takes these matters under careful and constant consideration. The whole question of housing occupies a great deal of my time.

Mr. Garland: Of the number of loans made by the approved lenders in the first quarter of 1960, can the minister say how many were made by the chartered banks of this country?

Mr. Walker: As far as I know, very few indeed. As to the exact number, I have not that information at the moment.

Mr. Garland: Would the minister be prepared to give that number?

An hon. Member: Put it on the order paper.

[Mrs. Fairclough.]

INQUIRY FOR RETURN

EAST SAINT JOHN THERMAL PLANT, N.B.

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I wish to direct a question to the Secretary of State. Can the minister give this house one single valid reason as to why there is such a delay in tabling documents and correspondence exchanged between the government of Canada and the government of the province of New Brunswick with regard to the East Saint John thermal plant, as ordered to be tabled by this house on February 3 last?

Hon. Leon Balcer (Acting Secretary of State): Mr. Speaker, I do not think the hon. member has to exaggerate the situation at all. I am quite sure there is a very good reason for it.

Mr. Robichaud: Then what is it?

Mr. Balcer: I will inquire and answer later.

POST OFFICE DEPARTMENT

NEWFOUNDLAND—REPORTED LOSS OF MAIL BAG

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I ask a question of the Postmaster General or the Minister of National Revenue, or both of them. Is one of them now in a position to comment on the loss of a mail bag containing applications for income tax refunds, as reported in the Newfoundland *Weekly Herald,* to which I referred on March 29 and March 30?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, there was no foundation whatsoever for the suggestion of loss made by the hon. member, putting it into the same class as most of his other statements.

Mr. Denis: The question I asked of the Postmaster General concerned a report in a Newfoundland newspaper, which really exists. I think I gave my copy to the Minister of National Revenue, and I think he should be fair enough to say that I did not pretend that report—

Some hon. Members: Sit down.

Mr. Speaker: Order. The hon. member for St. Denis seems to me not to be asking a supplementary question even, but engaging in a debate with the Postmaster General. I suggest that he put his question on the order paper.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, April 6, consideration of the motion of Mr. Fleming (Eglinton) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Regier.

Mr. J. A. McGrath (St. John's East): Mr. Speaker, when the house rose at six o'clock last evening I was leading into the subject of the United States defence bases in Newfoundland and Labrador which were granted to the United States government by the imperial government at the outset of the second world war in 1940. I referred to the fact that although these bases had been leased for a period of 99 years without the advice or consent of the people of Newfoundland at that time, no protection whatsoever had been provided for the pension rights of the people who were employed on those bases.

I referred yesterday to the fact that this is a matter of concern to other hon. members of this house who have these bases located in their constituencies. I have in mind St. John's West, where a United States naval base is located at Argentia; Grand Falls-White Bay-Ladrabor, where the United States air force has a location at Goose Bay, and Humber-St. George's where the United States has the Ernest Harmon air force base situated on the west coast of Newfoundland at Stephenville around which a town of some 8,000 people has grown.

This is a very important question, because I think the time has come when this whole situation should be carefully studied and reappraised in connection with the future disposition of these bases. I am founding this contention on the fact that only a few weeks ago the United States government and our own Department of National Defence announced that Pepperrell air force base at St. John's would terminate its operations by September 1 of this year. This news was not unexpected, because warnings had gone out several years ago. Yet in spite of the fact that representations have been made by the employees over the past ten years or more, it was only upon realization that a close-down was imminent that the right of these people to a pension was recognized.

I mentioned earlier that I was happy to refer to this subject because our relations with the United States military forces in Newfoundland during the past 20 years have been, I suggest, without parallel anywhere in the world. Our relations with United States service personnel have been exemplary. Many thousands of our people have found constant employment with them. These men and women from the United States are fully integrated into our society and communities. They take an active part in community affairs and in sporting events, and they have generally been good neighbours. They will be very greatly missed. I should like on this occasion, on behalf of my constituents, to acknowledge publicly our deep sense of appreciation and our deep sense of loss with regard to the departure of these good friends.

Now, however, the question arises as to the future disposition of these bases. For example, Pepperrell air force base, which was founded in 1941, originally as a military establishment and subsequently as an air force base, contributes at the present time approximately $12 million annually to the economy of St. John's. Hon. members will realize without difficulty that the loss of this sum annually to a city of less than 100,000 people is substantial and constitutes a severe economic blow. This is accounted for mainly by the fact that there are approximately 5,000 air force personnel employing some 1,200 civilians. The civilian payroll alone reaches a total of $4,576,000 annually. The annual rate of pay per week for Canadian citizens employed on this installation is $81.

As I said, this base was established on a 99-year lease which means, in effect, that it was not similar in all respects to military camps as we have come to know them in Canada. These buildings are permanent buildings. The total value of the properties located at Pepperrell, near St. John's, exceeds $40 million. These include a fully independent, self-contained hospital; magnificent school buildings, beautiful large living quarters of brick construction, as well as all the other buildings that go toward making up a large military establishment.

The St. John's Evening *Telegram* in its issue of January 12, 1960 said:

> A "deactivated" Pepperrell air force base—a technically-abandoned base on Canadian territory, which was not Canadian when the territory was handed over and which was granted more as a gift than as part of a business contract and without prior consultation with its original owners, seems to have the makings of a very interesting international question.

In the same issue, with reference to the properties on Pepperrell air base, the *Telegram* said:

> In any event, what is to happen to the magnificent, multimillion dollar plant located on the base in the

shape of a splendid hospital, a fine school, family homes and barracks, that, without too much difficulty, could be turned into apartments.

Are they to be left to deteriorate, as they inevitably must, when Newfoundland is short of classrooms, hospital beds, housing accommodation? Surely there must be some way, some arrangement that could be made to put such costly and worthwhile buildings and other facilities to work to fill a great need.

It is true that we are desperately in need of hospital beds, and that there is a magnificent hospital located on this establishment. We have been pressing for an armoury at St. John's, and there is a magnificent armoury at the Pepperrell air force base in addition to classrooms and buildings of all descriptions.

Probably what is more important is the fact that with the withdrawal of the United States air force a vacuum will be created in the North American defence structure. No one is prepared to concede that the day of so-called conventional war is a thing of the past. On the contrary, the future existence of civilization depends on hostilities being restricted to such small conventional wars. I raise this point to emphasize to my colleagues in the government and particularly to the Minister of National Defence the need of consultation on the part of his department with the joint chiefs of staff of the Canadian services, the Secretary of State for External Affairs and the Minister of Defence Production in respect to this question.

I will be the first to concede that the allocation of the defence budget across Canada is made not on a per capita, regional or proportional basis but purely on the basis of strategic need. Newfoundland is the Gibraltar of Canada, of North America. It is Canada's easternmost frontier. It has only a token force of Canadian military personnel. With the withdrawal of the United States air force, and with the question being raised as to the future disposition of the facilities at Pepperrell, now is the time when we should give consideration to providing a military establishment there on Canada's easternmost frontier comprising members of the Canadian army, navy or R.C.A.F. as the case may be. There is a need for such a Canadian establishment at the Gibraltar of North America, which has always been fortified, if for no other reason than to provide a token force, to establish and maintain sovereign rights and to recognize the strategic location of this part of the country.

As I have said, we have a ready-made military installation in Canada in which since 1940 Canada and the people of Newfoundland have had no say. What is to be its future? We know that Pepperrell is to be vacated, but what will be the future of the United States air force base at Stephenville? It is primarily a fighter base. We know from discussions in the house that the trend in the general defence policy of North America adopted by Canada and the United States is away from the fighter to the ballistic missile and other weapons. There seems to be no justification for this installation, which is primarily a fighter base, basing interceptor squadrons. What is to happen to the town of 8,000 people that has been built up in that area over the past ten years should the installation follow the course at Pepperrell and terminate its operations?

These questions require careful and serious study on the part of our government in consultation with the government of the United States through its department of state and department of defence. This is a domestic question certainly falling within the province of the federal government. It points to a need to reappraise the situation on the east coast with regard to our own military installations.

The Royal Canadian Navy has great strength in Nova Scotia, which is the traditional home of the navy in Canada and will always be so. Surely there is a requirement for larger air force establishment at St. John's to fill the vacuum created by the withdrawal of United States troops. I suggest that without undue delay this question be given serious thought by the government of Canada, and that consultation be initiated with the United States government relating to the eventual disposition of United States properties in Canada.

I should like at this time with the consent of the house to have printed as an appendix to *Hansard* a description of the physical buildings and properties at Pepperrell air force base, so that hon. members may see more clearly exactly what I am talking about. May I have the consent of the house for this purpose?

Mr. Speaker: Would the hon. member indicate the source of the table to which he is referring?

Mr. McGrath: Yes, Mr. Speaker. It is from the United States department of defence. It appears to be lengthy, but it is triple space

printing and could be easily condensed to occupy, I would think, not more than three pages of the record.

Mr. Speaker: Is the hon. member suggesting that this be printed as an appendix to *Hansard*?

Mr. McGrath: Yes, Mr. Speaker.

Mr. Speaker: Does the house give consent to the printing of this table as an appendix to *Hansard,* that is a table showing a description of the buildings at Fort Pepperrell?

Some hon. Members: Agreed.

[*Editor's note: For material referred to above, see appendix to Hansard for Friday, April 8, 1960.*]

Mr. McGrath: I thank the house for this courtesy, Mr. Speaker. Before I leave the subject may I at this time publicly acknowledge the understanding, co-operation, kindness and consideration shown by his excellency the ambassador of the United States and members of his staff and the United States air force authorities in Ottawa during the weeks this question has been under discussion. It is as a result of their endeavours and the endeavours of the consul general of the United States in St. John's, and the understanding of the United States air force authorities, that the people who are being laid off from some of these bases, particularly Pepperrell, are to be granted pension rights under the United States civil service retirement act.

Before I resume my seat I would like to refer briefly to one other subject which affects my constituency. I would like to refer to the surplus labour situation in the iron ore mines of Bell island. I draw the attention of the house to the fact that, notwithstanding what may have been said to the contrary by learned members of the opposition from Newfoundland, particularly the hon. member for Bonavista-Twillingate, the Minister of Labour wrote to the premier of Newfoundland on October 5, 1959 following his visit to Bell island to personally survey the situation there, where some 600 men were laid off last year as a result of the closing down of one of the three shafts of the mine. As a result of his personal appraisal of the situation he recommended to the premier of Newfoundland that they, that is, the federal and provincial governments, share in a vocational training scheme in order to enable particularly the younger people on Bell island —where there are, I might add, over 14,000 people wholly dependent on one industry—to get some vocational training to provide greater scope and opportunity for them, and for men of middle age who know nothing but work in the mines over the past years. This need has been recognized by the people of Bell island, including members of the labour movement and civil leaders. It is a very serious problem. The need to relocate those people in other sections of the country or of the province, as the case may be, where jobs are more readily available and where they could have greater scope because of newly acquired skills, is obvious.

I am sorry to say that although the minister's letter was acknowledged on October 8, 1959 and advice was given by the premier that the matter was being referred to his colleague, the provincial minister of labour, that is where the matter stands at the moment. I am raising this matter at this time, sir—

Mr. Martin (Essex East): Will the hon. gentleman permit a question? The hon. member for Bonavista-Twillingate, to whom my friend made reference, is not in the house because of another engagement. If he were here I am sure he would ask the following question. Would the situation in Newfoundland, as revealed in the premier's letter, be due to the fact that the premier of that province does not have the necessary resources owing to the failure of this government to live up to the financial terms of the agreement it made with Newfoundland?

An hon. Member: You know better.

Mr. Martin (Essex East): I am just asking the question.

Mr. Fleming (Eglinton): Nonsense personified.

Mr. McGrath: That is a rhetorical question that does not warrant an answer. The hon. member is a past master at getting statements on *Hansard* when other members are speaking.

Mr. Fleming (Eglinton): He smuggles them in.

Mr. McGrath: In any event, Mr. Speaker, if the question of the learned member for Essex East does warrant attention, surely if the government of Newfoundland with greater revenue than ever before cannot afford a

50-50 arrangement with the federal government to provide vocational training for about 500 people, then I suggest it does not deserve to carry on the government.

My purpose in raising this particular question at this time is to impress upon my learned colleagues in the opposition, particularly my good friend for Bonavista-Twillingate, who is not here—maybe the hon. member for Essex East will convey this to him—the necessity of his interceding with his good friend and mentor the premier of Newfoundland, on behalf of my constituents on Bell island. Please ask him whether he will at least look into the possibility of acceding to the request of the Minister of Labour in providing that badly needed vocational training for those displaced miners on Bell island.

In closing, I thank the house for its indulgence in listening to my remarks, which I have tried to make of a national character rather than purely local in scope because, as I said, the question of the United States bases affects not only my constituency but other ridings in the country. The question of the surplus labour situation on Bell island is one which concerns all of us in Newfoundland. I would hope that we can forget our partisanship long enough to resolve some of these problems, particularly as they apply to our people. After all, they are not interested in the colour of our political flag when their stomachs are empty. I would ask, sir, that these questions be treated in the way that the United States bases question has been.

I might add, sir, that I like to feel—and I am sure the hon. member for Humber-St. George's (Mr. Batten) would agree with me—that it is because of the fact that those problems have been kept out of the public forum and have not been made partisan political questions that the solution has been a satisfactory one, particularly in regard to pensions. I would hope that the same spirit would guide us in discussion with regard to the future of the displaced miners of Bell island and other questions.

(Translation):

Mr. Guy Rouleau (Dollard): Mr. Speaker, last Monday, when the hon. member for Laval (Mr. Bourdages) rose to comment on the budget speech of the Minister of Finance (Mr. Fleming), I was preparing to listen closely to him in view of our friendly relations and also because of the fact that he represents the constituency next to mine in Montreal.

I was quite disappointed however, because if you analyse his speech and leave out the quotations, there is just nothing left.

He gave us a definition of the word "create". To create, he says, is to do something out of nothing. On the basis of that definition, there is little to be done with his speech, because there was nothing in it.

He managed to say, after the minister's budget speech, that we have a great, an outstanding Minister of Finance.

That reminded me of the speeches we used to hear regularly in Quebec from Union Nationale members, about a certain politician they described as being the greatest since confederation.

While we are on the subject, may I remind some of the Quebec Conservative backbenchers that this is not the Quebec legislature, where duplessism is the keyword; this is the House of Commons of Canada, where there are standing orders which are applied with fairness and justice.

A number of Conservative backbenchers from Quebec use this house as a sounding-board to extol the merits of a man of whom, unfortunately, they are disciples.

Mr. Duplessis, as the dictator of Quebec for many years, caused untold harm to Quebec and to Canadians on the national level. We were misjudged because of the stand he took and because of his insubordinate and reactionary turn of mind. It is not surprising that from time to time we hear remarks such as those made last Friday by the member for Port Arthur (Mr. Fisher). However, in view of the position he holds, I think that before making his speech he should have sought information about the true feelings of the right-minded majority of French Canadians.

It has never entered the minds of Quebec people and French Canadians to impose their views on the other provinces. But I understand that Mr. Duplessis' attitudes led many of our fellow citizens outside the province of Quebec to believe that we objected to everything coming from Ottawa or from the other provinces. He always gave the impression that Quebec refused to compromise. But this was only the opinion of one man and of a few of his followers who, unfortunately, were entrusted with the future of the province.

When you know the French Canadians well, you realize they want to live their lives fully as Canadians, within the framework of the Canadian confederation, sharing the rights and responsibilities of all Canadian provinces.

This is something you personally understand, Mr. Speaker, and I commend you for the attitude you show publicly towards Canadians, not only since your appointment as Speaker, but always.

The Speaker of this house deserves the admiration and respect of all Canadians, and most particularly of French Canadians, whom he sincerely understands and admires.

But I would ask my French Canadian fellow citizens, who are sitting in this house under the Tory label, to stop behaving as henchmen of Maurice Duplessis and the Union Nationale. They should at last understand that, as they have been sitting here for three years, they are here to deal with national matters, on a national level and in a purely national spirit.

That should not prevent them from expressing, from time to time the views of the province they represent here, but they should in doing so, remain conscious of the fact that we are living in a Canadian confederation which extends from coast to coast.

The prime objective of federal members should be the greatness of their country, of all their country, and the welfare of Canadians, of all Canadians. The leader of the government here is not the leader of the Quebec government, but the leader of the Canadian government. My Conservative colleagues from Quebec seem to forget it sometimes.

This is so true that when the member for Montmagny-L'Islet (Mr. Fortin), addressing a Manitoba audience, stated, as reported in the press, that Mr. Duplessis had been obsessed by autonomy, none other than the great treasurer who controls the sinews of war for the Union Nationale, saw fit to denounce him to the whole province, right in the legislature, and to call him a child.

After the remarks made by the Hon. Gerard Martineau, the member for Montmagny-L'Islet felt bound to go back on his opinion and to explain himself, in order to reingratiate himself, not with the leader of the Canadian government, but with the big chief of the Union Nationale.

Such a situation is unbearable for a member of the Canadian parliament.

In saying this, I do not want to point personally to the hon. member for Laval because, as far as I know, he himself never walked into that trap. But, as I mentioned earlier, his statement that the Minister of Finance is a great Minister of Finance reminds me that the front and backbenchers of the Union Nationale, in my province, were always saying that Mr. Duplessis was the greatest premier since confederation.

Mr. Maurice Duplessis is now dead. God has judged him and history will judge him. When the hon. Mr. Sauve replaced him, a new mood spread over the province of Quebec. Already the Union Nationale and the Conservative members had started to say that he too was the greatest premier we ever had in the province of Quebec. Since both of them were the greatest premiers, I wonder where this leaves the present premier of Quebec.

To come back to the Minister of Finance, as I have just said, the member for Laval exclaimed, in his charming candour, that he was a great, great, great Minister of Finance.

When he sings the praises of the Minister of Finance, of the Prime Minister, and of the Secretary of State for External Affairs, he reminds me a little of a purring cat waiting to be patted.

Well, after the few remarks he made, he had his pat, his reward, when the Minister of Finance turned towards him and gave him a big smile. There are less of those purring cats nowadays, that used to keep close to cabinet members looking for a smile, a pat or something else. But we notice this year, since the appointment of parliamentary secretaries, that many of the purring cats keep huddled in their corners and are no longer heard from.

After hearing and studying the budget speech and after surveying the reactions of various groups of businessmen across the country, I can only say that this year's budget is much smaller than Conservative members, through the hon. member for Laval, would have us think, and that the Minister of Finance is not that great.

Of course, since confederation, it did not happen very often that a Conservative government, through its Minister of Finance, could in a budget speech forecast a slight surplus, and I understand the quite childish satisfaction felt by the Minister of Finance

when he introduced his budget, and by the government members and later on by Conservative backbenchers.

I must say frankly that, as a Canadian citizen, I am happy that the budget could finally be somewhat balanced and I wholeheartedly hope that the minister's forecast will prove to be right, although I doubt it very much.

But I cannot forget that, if this year the minister was able to forecast a surplus of $12 million for next year, it is because of the tax increases of last year, which yield approximately half a billion dollars each year to the treasury.

Nor can I forget the 800,000 unemployed in our country, about whom the Minister of Finance did not seem to care very much.

I cannot forget either the 100,000 civil servants whom the Minister of Finance did not take into account in the salary increases.

I cannot forget either the businessmen and industrialists across the country, who suffer and many of whom are facing bankruptcy because of the credit restrictions laid down by the Bank of Canada in collusion with the Minister of Finance.

And the Conservative backbenchers ignore those issues which are vital for all Canadians, and hang on to what seems to them a safety belt after those discouraging and depressing deficits of the last three years.

According to those Conservative backbenchers, Mr. Speaker, all is for the best in the best of worlds. In their view there is no unemployment. They see no credit restrictions, and they think that civil servants are satisfied. Like children, they are wild with joy. They are happy. Therefore civil servants must be happy too, as must be businessmen, leaders of industry, and even the unemployed.

Like them, we should follow in the footsteps of the hon. member for Laval who declares that the Minister of Finance is a great, great, great minister.

But, Mr. Speaker, even if, as a Canadian, I expressed some hope because of the $12 million surplus announced by the Minister of Finance, I say again that, because of our past experience, I cannot share their views and call the present holder of the finance portfolio a great minister.

Since the Conservative party took over in 1957, the government and the Minister of Finance have increased this country's national debt by more than a billion dollars, thus increasing the servicing of the debt by several hundred million dollars a year.

For the year just ended, the Minister of Finance, a few days before his budget speech, confirmed to us that the deficit exceeded $400 million. Is that something about which Canadians may rejoice? The only happy ones are the Conservative backbenchers.

During the years 1945-57, the government under a Liberal prime minister succeeded in lowering the national debt by $2,413,000,000, which reduced the servicing of the debt accordingly. In less than three years, the Conservative government has again increased the national debt by more than a billion dollars, thus adding some $500 million yearly to the servicing of the debt.

Mr. Speaker, I do not hesitate to state in this house, and before the whole nation, that in less than three years, this government and the Minister of Finance have destroyed the results of 11 years of good and sound Liberal administration.

However, Conservative backbenchers are rejoicing and are satisfied with the mirage summoned before their eyes. I did not know they were naive enough to be satisfied with so little.

The hon. member for Laval told us in this house last Monday, that if he were sitting in the opposition, he would be so discouraged by the finance minister's budget speech for this year that he would resign.

That shows very little knowledge of the Leader of the Opposition and of members who are sitting by his side. Like our leader, our sole purpose is the greatness of our country and the welfare of our fellow citizens.

What we have done since we have been in the opposition has been merely to ask the government to give a sound administration to this country and to ensure the welfare of Canadians.

Discouraged? We could have been that long before today, when we saw our country so badly administered by this government. But we are not discouraged. We never are, and never will be. We shall not let up. Quite the contrary, we shall keep on working towards the goal I have just indicated.

We have a role to play in this house, and neither the member for Laval (Mr. Bourdages), nor his Conservative backbencher friends, will prevent us from playing it.

However, we are astounded by the naiveté of Conservative members who content themselves with so little. In view of their puerile attitude, we are determined to fight on for our Canadian fellow citizens, confident that we represent the views of the great majority of Canadians who are only waiting for the opportunity of sweeping out of office a government that is showing arrogance, inconsistency, complacency, and which is leading us, without any doubt, to economic chaos and to unemployment.

The people are not happy. The unemployed are not happy. Businessmen are not happy. Industrialists are not happy.

Mr. Ricard: Neither are the Liberals.

Mr. Rouleau: Only those dear Conservative backbenchers are happy.

Mr. Ricard: The Liberals are not.

Mr. Rouleau: Why don't you do something about the unemployment in your constituency?

We wonder why the member for Laval, who, epitomizing the thought of his backbencher friends, stated, I don't know on what basis, that civil servants were happy with the $15 million granted to a third of them. I am glad for those civil servants who will get a small salary increase, and I take this opportunity to point out to the Minister of Finance that it would now be proper to show our gratitude to those ladies who, in parliament, are our collaborators; I mean the members' secretaries. They are not only our stenographers, they are real collaborators. They show unlimited devotion and they have great responsibilities. They do not hesitate to stay on the job until late, to carry on the work they have undertaken, and what is more, they defend the member for whom they work. They deserve not only our admiration, but also all our gratitude. I hope that, as a token of our gratitude, the Minister of Finance will grant them the raise they deserve.

As to the 100,000 who have been ignored, I would strongly advise the hon. member for Laval and his colleagues to take note of the comments of various officials of civil service organizations, which appeared in the Ottawa *Citizen* for April 1, 1960. It is reported that the joint action committee of Canadian civil service organizations expressed bitter disappointment at the salary increases announced by the Minister of Finance in his budget speech, which involved only a third of the civil servants. The report added that there was general dissatisfaction.

Mr. Ken Green, of the national defence employees association, stated that the commission had been ignored and that increases should have been extended to all civil servants. Mr. Fred Whitehouse, president of the Civil Service Federation of Canada, said with a touch of humour that civil servants would hit the ceiling. He added that the increase, which had been expected for all civil servants, applied only to one third of them.

Mr. Marshall, president of the professional institute, indicated that civil servants were not being given full satisfaction.

Those are only a few comments from officials of civil service groups. I am sure they adequately represent the feelings of all Canada's civil servants.

Tory backbenchers are happy, but civil servants are not, and they still remember the Minister of Finance's statement that even if funds were available, civil servants would not get the increases they have been demanding.

The unemployed are also dissatisfied. The 800,000 people who, across Canada, would like to earn a decent living but cannot, surely do not share the feelings expressed by the hon. member for Laval, and are quite disappointed that the Minister of Finance has mentioned nothing that might be of some help.

Proportionately, Canada has twice as many unemployed as the United States. That is an intolerable situation. Instead of rejoicing at the few crumbs they are getting from the Minister of Finance, Conservative backbenchers should give serious thought to the plight of family heads who are unable to find jobs and who, much to their sorrow, have to let their families live in want.

Being jobless, many of those family heads have lost their car and some furniture, because they could not meet the payments. Many have had to take their children out of schools and colleges because they were no longer able to pay for their education.

Instead of rejoicing, Conservative backbenchers should feel pity for those unfortunate people and insist time and time again that the government correct the situation once and for all, and not tolerate such a disastrous state of affairs affecting hundreds

of thousands of families in a country with unlimited natural resources and supposed to be rich.

If we were able to find the necessary funds for our war effort—and rightly so—it is inconceivable that in a country such as ours and in peacetime means cannot be devised to provide work for our bread winners and citizens.

The member for Essex East (Mr. Martin) and several other opposition members made constructive suggestions to the government. But as the suggestions originated from the opposition, they were ignored just as the employment situation in this country is ignored. However, while the unemployed are unhappy and opposition members are anxious to see that crucial problem settled, Conservative backbenchers are happy.

Yes, Mr. Speaker, they are happy, but business, industry, the civil service and the jobless are quite unhappy about the government's attitude.

Had he been of any consequence, the member for Laval would have been the laughing stock of all textile plant owners when he said that they were satisfied with the budget and that all their troubles were over.

Nevertheless, a statement by Mr. W. H. Young, vice president and general manager of the Hamilton Cotton Co. Ltd. is to be found in the Hamilton *Spectator* of April 1, 1960 to the effect that the budget had no significance for them, and another by Mr. E. D. James, vice president of Comos Imperial Mills Ltd., to the effect that the budget was most disappointing and the technical changes in the wording of tariff regulations would not in the least reduce costs to textile mills.

This year, construction, which has often been considered the basis of our economy, is experiencing a dangerous and even alarming decline. Businessmen and industrialists see their profits dwindle gradually. Credit restrictions are making it hard for them to stay in business.

The Prime Minister went to great pains to tell us in a television broadcast last fall that there was no tight money policy in this country.

The Minister of Finance repeated the same thing. Let us ask industrialists, businessmen, merchants or workers whether they can easily borrow at the bank the money they need to successfully operate their business. They know in advance the answer they will get from the bank manager. They will be told that there is no money available for them at the present time.

The Prime Minister and his Minister of Finance may deny the government's responsibility for this state of affairs, but the facts prove that full responsibility for the tight money policy rests on the present government.

Indeed, what has happened, Mr. Speaker, since the Conservatives took office?

In order to fulfil a few of the many irresponsible promises they had made to the voters, they had to go to a terrible expense and plunge the federal administration into deficits that had never been equalled so far. To cover those deficits, the government had to resort to loans and particularly to the famous debt conversion operation.

As a result, whatever money was available in banks or elsewhere went to the government, which became the country's heaviest borrower. The government grabbed money which otherwise would have been available to small borrowers, thus causing interest rates to soar. This has forced every Canadian taxpayer to pay more for servicing the national debt which in two years has risen by one billion dollars, raising the interest payments by $249 million a year.

The increase in interest rates had an impact on the borrowing of school boards and municipalities. Those corporations, when they are able to secure loans at all, have to pay an interest rate often exceeding 7 per cent. And who ultimately pays the interest charges paid by municipalities and school boards? Who pays for the increase in servicing the national debt? The taxpayer, the small property owners whose assessments rise accordingly.

If the Tory government had administered things wisely, it would at least have balanced its budget since 1957; it would not have had to resort to enormous borrowing, and the borrowed money would still be available to others at a reasonable interest rate. We would not be facing today that tight money policy which is driving hundreds upon hundreds of people to the wall and contributing to unemployment.

The Prime Minister, just like the Minister to Finance, wants to deny the evidence, by maintaining that they have nothing to do with the decisions of the governor of the Bank of Canada. Those two ministers accused

the chartered banks of being responsible for the tight money policy. Nothing is farther from the truth. The decisions taken by the governor of the Bank of Canada are completely endorsed by the government. The Bank of Canada is under the jurisdiction of parliament and, more particularly, of the Minister of Finance.

If the governor of the Bank of Canada were to take some action and adopt attitudes contrary to the government's, he would have no other alternative but to tender his resignation. However, to my knowledge, neither the Minister of Finance, nor the Prime Minister, nor any member of this government has denounced the governor of the Bank of Canada with regard to tight money policy. I have not heard it said that the governor of the Bank of Canada had considered tendering his resignation to the Minister of Finance.

It therefore means that this government, in order to meet the dire results of its inexperience and its lack of responsibility endorses the Bank of Canada in its tight money policy.

The Minister of Finance would have the Canadian public believe that there is no tight money policy in this country. He had solemnly promised that, under a Conservative government, there would be no credit restrictions. That is just another promise broken by the Conservative government.

During the present session, I heard on various occasions the Minister of Finance, with a few Conservative backbenchers in his wake, exclaim that the leader of the government and the Conservatives had fulfilled all their promises.

I indict that statement as false, and so do our people. The leader of the Conservative party, who is now Prime Minister, and the Conservative government did not fulfil their promises.

Yet, if I refer to the Toronto *Star* of December 2, 1957, I find the following statement, which the Prime Minister is supposed to have made at a Conservative convention in Ottawa. Mr. Diefenbaker, is said to have stated at the time. "A promise given is a promise kept." And he added that 10 per cent of the promises he had made had been kept.

He suggested that a government which did not keep its promises was doomed to defeat.

I would like, this afternoon, to recall some of the promises made by the leader of the government during election campaigns, promises which have not yet been fulfilled, even after three years of administration. A whole litany of unfulfilled promises could be listed.

We had been promised a tax cut of $500 million a year. In the session which followed the coming into power of this Conservative government for the first time, taxes were reduced, because another election was in sight soon after. But right after the general election of 1958, instead of being reduced by $500 million, taxes were increased by the same amount. We had been promised a balanced budget. However, since the Conservative government has been in power, deficits have been as follows: 1958, $38,500,000; 1959, $609,300,000; 1960, $405,800,000, which makes a total of $1,053,700,000 in three years. Are these what we might call balanced budgets?

The Prime Minister had long been solemnly promising a bill of rights. Every year, since he has been in power, he introduces his bill, but never gives the house an opportunity either to consider it or to adopt it. There is another unfulfilled promise of the leader of the government.

When he was in the opposition, the Prime Minister kept promising to raise old age pensions to $60, but they are still at $55 a month.

The Prime Minister had promised new tax-sharing arrangements between the federal government and the provinces. Apart from a few slight concessions made to the provinces, those arrangements have not yet been renewed; and that is another promise that has not been fulfilled by the Conservative government.

We had been promised that closure would be abolished in the House of Commons. Still another promise that has not been fulfilled by the Conservative party.

The province of Quebec had been promised the same representation in the cabinet which it used to have under the Liberal regime. That is another promise that had been made, but has not been kept.

We had been promised that Canadian National Railway employees would have their pensions increased. Another broken promise.

A Canadian coastal guard had been promised. We have no Canadian coastal guard yet. Another promise unfulfilled.

We had been promised that the special excise tax on cars would be abolished. Nothing has come out of that. Another promise that has not been fulfilled.

We had been promised a price support program for fish. Nothing has come out of that. Another promise that was not kept.

We had been promised that the prairie farm rehabilitation act would apply everywhere in Canada. Another promise that has not been fulfilled.

We had been promised equal freight rates, to help agriculture and industry in the prairie provinces, so that they might compete with the rest of Canada. It has not been done. Another broken promise.

We had been promised that tuberculosis and mental illness would be included in the national hospital insurance plan. It has not been done. Another promise that has not been kept.

We had been promised a vigorous immigration policy. On the contrary, immigration is being slowed down. This is another promise on which the government has backed down.

We had been promised a reduction in unnecessary government expenditure. However, since the Conservatives have been in power, expenses have been rising steadily. Another unfulfilled promise.

Mr. Ricard: That includes money for the Leader of the Opposition.

Mr. Rouleau: I hardly need mention that this is another unfulfilled promise.

We had been promised that immediate legislation would be introduced to provide for the control of water pollution. It has not been done. Another unfulfilled promise.

We had been promised that action would be taken for the greatest possible use to be made of the port of Churchill as an export centre for western grain. That has not been done; it is another unfulfilled promise.

We had been promised that Canadians would be encouraged, through fiscal measures, to invest their funds in such a way as to gain ownership of Canadian corporations. It has not been done, and it is a further unfulfilled promise.

We had been promised that a standard gauge railway would be substituted for the narrow gauge railway in Newfoundland. It has not been done, and it is still another unfulfilled promise.

We had been promised protection for manufacturing companies. Nothing has been done in that regard, and it is another unfulfilled promise.

We had been promised a change in the differential method used for taxing Canadian oil companies. It has not been done. There is another unfulfilled promise.

We had been promised a tax bill designed to help small industries, but that has not been done. Another unfulfilled promise.

We had been promised tax rebates for research into every field. It has not been done, and it is another unfulfilled promise.

That is only a partial list of the promises which the present government has left unfulfilled, and I wonder how Conservative backbenchers can be satisfied with such a government, just as I wonder how those who attended the Conservative convention in early December could cheer their leader when he stated that a promise made by a Conservative government was a promise kept. The Prime Minister, on that occasion, said that a government which backs down on its promises is doomed to defeat.

Mr. Speaker, after the list I have just given, I hardly need to say, what fate is in store for the present government.

According to a report published in *La Presse* for March 15 the Solicitor General of Canada (Mr. Balcer) stated in a speech delivered before the junior chamber of commerce of Montreal, that the difference between Canadian political parties is nothing more today than a difference between the teams that make up those parties. I refuse to accept that statement, because I think there are basic differences in the political outlook of the Liberal, Conservative and socialist parties. I feel sure, from the experience we have had in three years of Conservative administration, that the team which now leads the Liberal party is incomparably better and much more experienced than the Conservative team.

At the head of our party, we have a man of outstanding abilities. He has been a professor at the University of Toronto, and his ability has given him a reputation that will never be forgotten.

He raised Canada's reputation to unprecedented heights, and earned something which no Canadian had ever earned before: the Nobel peace prize.

He is the uncontested leader of the Liberal party. As Leader of the Opposition, his unquestionable skill is recognized by every member of this house, and by everyone who has had the privilege of following the debates in this house.

He is the future prime minister of Canada, and as such, he will give the country the sound administration we have a right to expect.

The Liberal party, in its 22 years of administration, and even through a terrible war, managed to provide a sound economy, to ensure a record prosperity and a high level of employment in Canada.

Three years of Conservative administration have resulted in heavy budget deficits and instability caused by a lack of administrative sense on the part of the leaders of the present government.

Canadians wanted to give the Conservatives another chance, but if we listen to the man in the street today, we realize that the people are longing for the day when they can replace the present government by a team that has always showed its mettle.

As I said at the outset, the member for Laval stated that if he were in the opposition, he would be so discouraged he would resign. I tell him again that, far from being discouraged, we are getting ready to restore to this country a sound administration and, until we appeal to the country, we will keep on doing in this house the work vested in us by the constitution.

As for the hon. member and the other Conservative backbenchers, they will not have to resign. The people of Canada will see at the next election that they are sent back home. The future of the country will be entrusted to other administrators.

Mr. Ricard: That is what you were saying in 1958.

Mr. Rouleau: I do not want to question the sincerity of any one but, on the record of the last three years, we cannot have confidence in this government. Under the constitution, we still have two or three years to go before another election is held. I sincerely hope that the situation does not grow any worse.

This is a beautiful, great and wealthy country. To develop all the wealth with which it has been endowed, we need, at the head of the government, a team capable of developing our bountiful heritage. The Conservatives woefully failed at the task. It is up to us, to the press and the public in general, to prevent things from getting worse from now until the next election.

The natural resources of this country are unlimited. There is no reason why there should be any unemployment in Canada. No Canadian willing and able to work should suffer. We are still in a better position than the United States. We have a great part to play among the nations of the world.

What we have to do is to develop all our resources. Unfortunately, this government has been unable to do it. So, for the time being, we must make the best of the situation and prepare for the future.

In spite of what is going on at the present time, I have confidence in my country. I have confidence in my fellow citizens and I know that our own team is ready to watch over the destiny of Canada.

In a few years from now, we shall solve the problems that the present team cannot solve and we will continue to administer the affairs of our country so as to make it one of the great, one of the greatest and most peace-loving countries of the world.

(Text):

Hon. J. M. Macdonnell (Greenwood): This is the fourth day of the debate on the budget, and I find myself puzzled and perplexed—and interested, of course—by one aspect of it, and that is that none of the five members of the previous government who sit in this house have yet taken part in the discussion. They do not ordinarily behave like non-combatants, and I have been asking myself just why there should have been this extraordinary unanimity of silence. What are they waiting for? New ammunition to come up from the base? Or do they expect that the newspapers will put down a barrage under which they can make an advance? If that should be their motive, I doubt whether they are going to find it a satisfactory one. At any rate, I suppose it will emerge soon.

One might imagine that the hon. member for Essex East (Mr. Martin) has been very busy with statistics—preparing his own ammunition, so flexible and so original—and one might imagine that the hon. member for Bonavista-Twillingate (Mr. Pickersgill) is in company with his distinguished former chieftain whose life he is writing, and he will, no doubt, seek counsel there. But to come back to the newspapers. I doubt very much if any comfort will come to the opposition from that source. I shall read a short quotation from the Montreal *Star* which, so far as I recall, has not been very partial to our party over the years. This is what it has to say in part:

> From the national point of view it is vital to pay our way, and that is what Mr. Fleming promises . . . Indeed, a balanced budget in this year must be regarded as something in the nature of a minor miracle.

I like those words. And then the article goes on to say:

> Its achievement reflects the integrity and growing stature of the Minister of Finance.

I like that, too, because it seems to me a plain statement of fact. I think the people of this country, even those who do not like us, are going to be impressed by the fact that we are now paying our way. I think as that sinks in it will be more and more impressive to them.

There is one quarter from which the opposition might have expected support. I refer to the Toronto *Star*. But I find the editorial which appeared in the Toronto *Star* the day after the budget somewhat perplexing. It is true the writer left some postern gates through which to return to the attack later on, but for the moment, it seems to me, he was pussy-footing.

The only interesting thing to me about the editorial was that it uses a word I have

never seen used before. It is a kind of highbrow word and I suppose one finds in use in the higher Liberal ranks. The editorial referred to the Minister of Finance (Mr. Fleming) as an "euphoric mariner". It is not an unpleasant word. I looked it up in the dictionary that we have in this chamber but it is not there. Apparently it is not the kind of word that hon. members of parliament use. It is perhaps over their heads.

Mr. Martin (Essex East): It is not a parliamentary term.

Mr. Macdonnell: It is not a term of insult. As a matter of fact "euphoria" is a rather interesting word. It is described as a word used to express well-being or the perfect ease and comfort of healthy persons. Now, who could have more feeling of well-being than the Minister of Finance at the present time?

Mr. Benidickson: It may be a false well-being, though.

Mr. Macdonnell: It seems to me that the *Star*, perhaps unintentionally—it may be that they did not know the meaning of the word— paid the minister a compliment. The word is not in the dictionary we have in the house and I do not suppose it would be in a Cambridge dictionary but it was in Murray's Oxford dictionary and that is what it means.

I repeat, I have no doubt that the Minister of Finance does feel a considerable amount of comfort. I would if I were in his position with a balanced budget. I think as one looks back one can see that it has not come about by accident but was based on long term planning and tenacity. After all, the Minister of Finance has had a long schooling in politics. He began in what is probably the most useful of all kinds of public service, as school trustee, went on to be an alderman and came down here as a member. We all know his record here. We are all aware of his zest for work. We all know he had a certain—what shall I say—aggressive quality which was very useful when he was in the opposition and which even now can be shown from time to time. He also had a considerable capacity for using the word "no" and that, I am sure, has been very useful in his present job.

Of course we must not forget that the minister has colleagues nor that he has the support of the Prime Minister (Mr. Diefenbaker) and his other colleagues, but when we look back and see that in those three years there has been a kind of steady relentless purpose moving toward a balanced budget we all must feel an admiration for the hon. gentlemen. He sought two years ago to prepare for it. Last year he told us he hoped that this year it would come about, and here it is.

The Minister of Finance, of course, has his critics. As a matter of fact there was a period when he was subject to a great deal of very ignorant—I repeat, ignorant—criticism, some from people who should have known better and some from people who did not know at all and should not have undertaken to express opinions. I will admit there was a time when some people who should have known better where inclined to be critical. I believe that most of them have changed their minds and realized that the minister's long term planning was sound. I think they have realized that they were wrong.

Let us take, for example, the conversion loan. There were lots of people who talked foolishly about that, and I repeat, foolishly. What was the comment of people who knew about it at the time? I can remember very well what was said by a man whom I respect very much, a well-known businessman. I will never forget his words. He said, "What else could he have done?"

When you look at what happened in respect of that conversion loan and when you realize that in July of 1958 the average length of term of the outstanding victory bonds was 4.3 years and that by the first of September it was 13.3 years, anyone who understands debt and what it means will realize what a tremendous relief that was. I do not think any serious man in the world of finance will deny now that that operation was necessary and wise. They might say, "Oh well, he should have sold the bonds cheaper; he got too good a bargain from the public; he has probably made too good a sale," but that is not a very serious crime.

I do not think any serious person—and I must admit there are some people who are not serious who undertake to talk about it —will deny that that conversion loan was very wise indeed.

Mr. Benidickson: I would put in a caveat.

Mr. Macdonnell: Well, caveats cost nothing. As I understand it you can put them in practically with no fee.

I also want to say a word about the premium on the Canadian dollar. I mentioned it especially because it is referred to in the amendment. The minister explained that at length in Toronto in January, I remember, and briefly again in the budget, and to me the answer to that is that so far as I am aware none of the people who have talked about it and wanted it wiped out is prepared to say how to do it. The minister has pointed out in his statements that without controls

and in a free market you cannot do it unless with fabulous expenditures. As I understand it, no one in the opposition has faced up to the question and said he is prepared to accept controls because no doubt he would find out quickly that if you are going to have financial controls as there were during the war time there will be other controls, too, and people are not in favour of them.

I believe every reasonable man will echo the words of the Montreal *Star* to which I have already referred that the balancing of the budget is the primary consideration, and when you tell them the budget is balanced they metaphorically sit back and say, "Thank God; that is a good thing." Let me read again the last sentence of the Montreal *Star* editorial:

> —a balanced budget in this year must be regarded as something in the nature of a minor miracle. This achievement reflects the integrity and growing stature of the Minister of Finance.

Surely those are words which the Minister of Finance can regard with deep satisfaction and pride.

So far I have been dealing with our own affairs which I believe the judgment of this country will pronounce good. I think even the bitterest opposition critic knows in his heart they are good. We had a list from the hon. member who spoke last of all kinds of things he alleged have not been done but for the most part they were small stuff. The judgment of the country will rely on the over-all fact that this minister has steered us into smoother seas by balancing the budget which was what everybody wanted.

If we lived in a world where everyone was in that position how happy we would be but we do not live in that kind of world. It is impressed on us more every day that we live in a shrinking world. We are living on each other's doorsteps with planes that go nearly a thousand miles an hour and with radio that goes instantaneously and tells other people in the world how we are all living. We are conscious of the fact that there are many countries—100 altogether, according to Paul Hoffman one time head of the Marshall plan—where poverty, ill health and despair prevail. Mr. Paul Hoffman was I suppose par excellence the man most skilled in international finance in providing relief to underdeveloped countries. He recognizes that there are 100 tragically poor countries, not including China, and that their population is 1,250 million.

Mr. Martin (Essex East): Two thirds of the people of the world.

Mr. Macdonnell: Yes, two thirds of the world's population. He speaks of the powerful moral, political and business reasons for this. I underline the word "business". I believe myself that all of these three considerations represent, I was going to say the $64 question, but I would like to multiply it and say $128 question. Barbara Ward, the amazing woman who was once an editor of *The Economist* speaks of several break-throughs in these last ten years. Among others, she speaks of the break-through of those hungering for economic growth, hundreds of millions of them, and says that this and other break-throughs will expand explosively—I repeat, explosively—to make the sixties a period of challenge and change unequalled in human history. I wish I had the eloquence of a Lincoln or a Churchill, because I believe this is the thing which every one of us should take to heart. We know that in the back of our minds there are forebodings about the world we live in. We really get to the stage where we just try to forget them. But there they are.

I am going to read a few of the comments of world leaders which will underline the situation and give us the picture. First of all, I want to read wise words of our own Prime Minister. He speaks about the economic assistance to underdeveloped countries as a major and mandatory need if freedom is to be preserved in the world. Major and mandatory; that means something has to be done if freedom is to be preserved in the world.

Mr. Benidickson: What was the date of that reference?

Mr. Macdonnell: I am not sure of the date. It is from a speech of the Prime Minister. I would have to give the date to the hon. member later.

I want to read briefly from three or four other world opinions. First of all, a word from President Eisenhower on this question. When speaking of the crisis he said:

> We face what could be a turning point in history, and we must act decisively.

Macmillan speaks of improving the conditions of life in the less developed countries of the world. He says it is one of the great challenges of our time. Then, this quotation from de Gaulle, which interested me more than any because it was not the kind of thing I would expect from him. He says this:

> It is the duty of those who are best endowed and strongest to help others—those who are in want, those who are underprivileged. This, they must do if they themselves do not want to perish.

I repeat that. "If they themselves do not want to perish." There is a hard-boiled world leader, if you like, and this is what he has to say about the situation. I do not think any of us should take it lightly.

I have read these quotations because I want to make clear that those practical men are agreeing with Hoffman. I shall quote later from Eugene Black of the world bank, another businessman who has put this forward as tremendously important.

The results are rather disappointing. Hoffman said that: The result in 1950 was very disappointing. The per capita income in 1950 in underdeveloped countries is estimated at $110. In 1959 it should reach $125-$130. That is only $15-$20 in 10 years. The income has gone from approximately $110 to $125-$130. In other words, there has been an increase of only $15 to $20 in 10 years. Hoffman adds that this is dangerously slow. The average increase in the western nations between 1950 and 1957 was $300 per capita. In the United States it was $530. The rich are getting richer and the poor desperately poorer. Hoffman again says that the goal for 1969 should be $160.

When you look back at what was done in England and in western Europe you can see that there was a tremendous success achieved. The recipient nations were well organized. Hon. members recall how they were able to take the money and use it. Hon. members recall the loans we made to Britain in 1946. This is one of the first things we remember in parliament, the Minister of Finance, and I, who were new members at that time. As I recall, our loan was $1,250 million and the United States $3,750 million. They did a good job. As we remember, the Marshall plan worked almost a miracle under the management of that great man Hoffman. I just want to read a sentence from what Marshall said in 1947 at Harvard University:

> Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist.

I commend these words to the intelligence of every one of us. I have quoted Hoffman's aim for 1970.

We are spending billions on defence. Speaking for myself, I do not see how we can let down our guard.

Mr. Martin (Essex East): Just for my own satisfaction will the hon. gentleman give me the date of his reference to Hoffman?

Mr. Macdonnell: The quotation was taken from a speech Hoffman made in Toronto on October 19. I will send the hon. member a copy.

We are spending those billions in the hope —sometimes we find it a faint hope—that the equipment will never be used. We hope it will be a deterrent, but we can never be sure. We remember the old phrase, "Hope deferred maketh the heart sick". I suppose what happens is that we try to tuck this into the back of our minds and not think about it. We watch new weapons being manufactured becoming obsolete before they are even ready for use. We see hundreds of millions of dollars spent for weapons which, as I say, are already obsolete. Meanwhile, another deterrent is not being adequately used. I refer to the deterrent of a revival of a working economy in the world, as Marshall said, so as to permit the emergence of political and social conditions in which free institutions can exist.

I think the feeling throughout the world is that war is not the only great enemy, but that poverty is another. There is no mystery as to how to aid countries. We learned how to do that from past failures. Money has been wasted but a great deal has been learned. The Hoffman organization under the United Nations makes searching inquiries before moneys are supplied. They survey natural resources and they give technical assistance. Recently there has been established a United Nations special fund, to which we have made a contribution, which will supply limited funds for capital development.

Let me read from Hoffman's pamphlet, entitled "One Hundred Countries" and his proposal at page 45. I wish to read also a short extract showing the almost miraculous results which can come about if the situation of these people can be improved ever so little. Here is what Hoffman says:

> My proposal is this: That we—all of us together—fix it as our goal to double in the 1960's, as compared with the 1950's, the annual per capita rate of economic growth in 100 countries and territories containing a billion and a quarter of the world's people. If we achieve this goal it will mean increasing the per capita economic growth rate of the less developed countries from an average of 1 per cent a year in the 1950's to an average of 2 per cent in the 1960's. To do this it will be necessary for the less developed countries to sustain an annual rate of economic growth of 4 per cent. This will mean a total increase of about 40 per cent and a per capita increase of nearly 25 per cent in 10 years. It will mean increasing per capita income from the estimated present figure of around $100 to around $125 in 1970. This means increasing per capita income in the 1960's by about 25 per cent per person or an average of about $2.50 per person per year.

I have one more quotation, and it will be my last quotation of any length. It struck me as so almost unbelievable that I want to read it. Hoffman said:

> If the less developed countries receive additional foreign capital and increase local savings sufficient to lift their per capita incomes by only 1 per cent more a year over the coming decade, they might well offer to the United States alone a market for an estimated $14 billion of its exports in 1970. This would represent an increase of more than 100 per cent over total U.S. exports to the same areas

in 1958. And over the 10-year period, the total exports of all the developed countries to those areas... might be as much as $320 billion. In the long view, these 100 underdeveloped countries are for the United States and for the developed nations generally a great new economic frontier.

There you have the business side of it. We do not need to regard it as charity. There is a business side of it too. For instance, let us apply this to India. I was present in Montreal two years ago when the Minister of Finance presided over the commonwealth meeting there. So far as India is concerned, we can remind ourselves that in addition to being a member of the commonwealth India has a settled government, it has law and order and it has a well trained civil service. Therefore we can be reasonably certain that money applied there would be well spent.

I should like to read a sentence from a speech by Black of the world bank because I feel ever so strongly that this is a matter in which we should all be deeply concerned in our own self-interest. Black in speaking at Oxford a month ago dealt with the need of backward countries to develop efficiency and emphasized particularly that everything depends upon the responsibility of the backward countries themselves. Unless they are ready to stir themselves, unless they are ready to make greater sacrifices, the thing does not start at all.

These men are businessmen. Black has lent nearly $5 billion through the world bank without any loss. That shows the kind of man he is. He is not going around dishing out money for charity. He stresses the need of these countries stirring themselves and developing pride of workmanship and then he goes on to say, which impressed me very much, that the objective should be "that every ounce of resources available is used as efficiently as possible" in these countries. He then had this to say:

And how important it is that the free world community stand ready to pledge whatever measure of its wealth can be usefully employed in this endeavour.

There is the challenge. Let me point out at once the range and the limitations of whatever measure of this wealth can be usefully employed. We are not going to run crazy. The borrowing countries have got to do their part but on the other hand Black suggests that the free world community has a tremendous responsibility. This, as I say, is from an experienced banker who has lent nearly $5 billion without loss.

I have just one other thing to say. I hope that we will not forget the results of failure. If we go on as we are now I think we will fail. I think this thing has got to be stepped up. I should like to refer to some remarks of Adlai Stevenson, for whom I have great respect. He stresses the need of narrowing the economic disparity that exists now in the world. Here are his words:

We can't go on much longer living in a world where, for instance, the average yearly income in America is $2,000 a year and the average yearly income in India is $60.

I remember that I was amazed when I was at the commonwealth conference two years ago over which the Minister of Finance presided; this figure was before us at the time and I was amazed, that there was no complaint on the part of the representative of India. I would not have been a bit surprised if he had said, "Look, we cannot go on this way". But he like Black no doubt was looking at the thing in a practical way. I continue quoting Adlai Stevenson:

No wonder great political, social and scientific revolutions are sweeping the world and that instead of seeing the world go democratic we have seen 11 countries, I think it is, turn to other forms of government in the last few years. Democracy is not winning in the world. It is losing.

You may or may not agree with Stevenson but at any rate we will agree that he has been around and has seen more than most of us have. I admit at once that I was greatly impressed by his statement. He strikes me as being a man with his feet firmly on the ground, and this is what he says. I had not been aware that 11 countries had turned to another form of government.

With regard to our own government, it has given a lead and things have been done. The Minister of Finance has told us about this from time to time and I have quoted the Prime Minister's words which I now repeat:

Economic assistance to underdeveloped countries is a major and mandatory need if freedom is to be preserved in the world.

I find these words very impressive. I do not think the matter could be put more strongly. My feeling is that people like ourselves should be thinking about it. The Prime Minister will be going to London before long. We do not know what the agenda of the commonwealth conference is but it is pretty hard to believe that the prime ministers will not be thinking about this question. The Prime Minister's words are beginning to carry far, not only as Prime Minister of Canada but also as John Diefenbaker. I should tremendously like to feel that when he goes he may have the feeling that the people of this country are behind him and that if he wants to take great steps in this matter which is all important he will be supported.

Let me emphasize again that there is no intention on the part of people like Hoffman and Black to rush into huge expenditures.

They realize it is going to take years. They realize that the countries to be benefited have got to assume the greatest part of the burden but on the other hand they feel that unless we can steadily improve the situation within a few years the prospect is not going to be good.

My feeling is that it is a fair thing to put this matter before hon. members of the house. I believe that no one should take it lightly and that for unselfish and also for selfish reasons it is a matter of the greatest possible importance that comes right home to every one of us. In my opinion there should be indications given to the Prime Minister and the other members of the government through all kinds of organs of public opinion and by representatives of public opinion, our churches, universities, trade unions, boards of trade and chambers of commerce all across the nation that this matter should be taken seriously.

I suggest that the first people to take it seriously should be ourselves. By what I have said this afternoon and particularly by referring the house to the words of other people I would hope that possibly I have persuaded hon. members that this is a matter which we should all take seriously. We played a great part in the war and I think there is no reason why we should not play an even greater part in peace. I believe that part cries out to be played.

Mr. H. M. Batten (Humber-St. George's): Mr. Speaker, before making any comments dealing directly with the budget I should like to say at this time how grateful I am to the Secretary of State for External Affairs (Mr. Green) for his interest and action on behalf of those Newfoundlanders employed on United States air bases in Newfoundland.

I should also like to thank him for his courteous replies to my representations on behalf of those in my own constituency of Humber-St. George's who are employed at the Ernest Harmon air force base in Newfoundland and also for his kind attention to the correspondence from the chairman of the committee representing the employees at this particular base.

In August, 1940, following the establishment of the permanent joint board on defence by the United States and Canada, the United Kingdom, with the approval of the Newfoundland commission of government, gave the United States the right to construct bases in Newfoundland and to hold them on a 99-year lease. Early in 1941 construction began on three chosen sites, namely at St. John's, Argentia and Stephenville. Since the period of initial construction until the present time a number of Canadian citizens have been employed as full time employees with unlimited tenure. Many of these have been steadily employed for 15 years.

I understand there has been a great deal of correspondence between representative committees appointed by the employees and the commands of the various United States bases, the United States department of defence and the United States civil service commission. I believe also that these agencies have shown considerable interest in the possibility of providing some retirement plan for those "non-citizens holding permanent excepted appointment". The statement made by the minister last Thursday in the house is a most welcome one to all concerned. To those who have worked on this base for some time and who have decided to make their homes in this area the decision with regard to pensions affords a large measure of real satisfaction.

Colonel William H. Noel, the commanding officer at Ernest Harmon air force base, has also shown a keen interest in this retirement plan and has encouraged the committee in their efforts and in their representations. To him I express my appreciation and thanks for adding yet another accomplishment to the long list of services rendered to the people of western Newfoundland by the United States armed forces.

The hon. member for St. John's East (Mr. McGrath) referred to vocational training. I have a general knowledge of the problem about which he speaks. I think I will say here that education in a broader sense should include not only those in elementary schools, high schools and universities but also those whose abilities lead them toward the technical rather than toward professional fields. I do not want to expand on this problem at this time but I would say that in a country like Canada, which is highly industrialized—and which maybe in the future can look forward to greater industrialization—and a great manufacturing country there will always be the need for technically trained people.

I think that technical education should be expanded all across Canada in order to fit more people for jobs where know-how and native talent are required. In Newfoundland we have a need for this type of education beyond what we already have. But as everybody recognizes, we have great demands on the money allocated for education in my province. At the moment there is a great demand for elementary schools and regional high schools. Then there is the money required to build a new university. All these things add to the burden which the province must bear with regard to its educational responsibilities.

However, from my own correspondence I know that a great deal of interest is being shown in vocational education. Even in my own home city of Corner Brook a well set-up committee is now giving a thorough study to the vocational training act as it applies in Canada and as it would apply in Newfoundland. They are also discussing vocational education as it is operating in Newfoundland. Knowing the personnel of that committee as I do, I have no doubt that when they reach their conclusions those conclusions will be worth studying.

I come now to a brief consideration of the budget. During the last few months we have heard, both inside and outside of this house, that this government has no financial policy, that it has failed to provide the leadership which Canadians expect and that it operates on the theory that time solves most problems by removing them. There is a good deal of truth in that statement and the best evidence of it is the budget of 1960. In his budget speech the Minister of Finance (Mr. Fleming) gave a report of the year's operations and then after a little bit of sermonizing he expressed the hope that during the coming year everything would turn out for the best. The trade deficit, tight money, unemployment, defence spending and many other topics of daily interest to our people were touched on only lightly or ignored altogether.

During the election campaigns of 1957 and 1958 the present government pledged itself to lower taxes, lower spending and lower interest rates. According to the Prime Minister (Mr. Diefenbaker) in 1957 every Canadian was overtaxed by $30 a year and every family was overtaxed by $120 a year. He said that the government of the day was on a wild spending spree and that high interest rates and tight money were forcing industry, the provinces and the municipalities to the wall. Then he shouted, "Give us a chance, we will show you". The Canadian people gave him the chance. Let us now have a look at some of the results of his stewardship.

The revenues of this country in 1957 amounted to $5,106 million and in 1960 to $5,892 million. This means that the average per capita revenue in 1957 was $314 and in 1960, $334 or an increase of $20. Rather than taxes being reduced by 20 per cent, the per capita tax in the last three years has been increased by approximately $20.

Let us look at expenditures. Expenditures in 1957 was $4,849 million, an average of $295 per person. In 1960 the estimated expenditure is $5,880 million, an average of $334 per person. Here the per capita expenditure is shown to be $40 more than it was in the year '57.

Our net debt was $11 billion in 1957; in 1960 it was $12,100 million. In 1957 the average net debt was $664 per person; in 1960 it was $681 per person, an increase of $17.

In 1957 the net interest on our national debt was $313 million; in 1960 the net interest on our national debt was $499 million. In 1957 the net interest as a percentage of our debt was 2.85 per cent; in 1960 it was 4.13 per cent. Interest rates were less than 4 per cent during the election campaign of 1957; in August of last year they were well over 6 per cent.

The minister went on last year in his budget speech to say that he expected that the gross national product would increase by 7 per cent. We now know that his expectations were not fullfilled.

Mr. Benidickson: Fifty per cent wrong in volume.

Mr. Batten: The increase in the gross national product is no more, and may be a good deal less, than during a number of the years under Liberal administration. I am not going to give the figures on all this because they have been given by other speakers. The figure of borrowings was $164 million in 1958, $1,200 million in 1959 and $900 million in 1960, making a total volume of $2.3 billion odd.

Obviously this government has been on a wild spending spree of unequalled proportions. The hon. member for Greenwood (Mr. Macdonnell) a few moments ago referred to the fact that the government was now paying its way. I do not think the government is paying its way until it is able to repay to the Canadian people the money which it has borrowed from them in the last three years and then has brought forth a balanced budget. I do not think this government will be in power long enough to pay the expenses of this exhibition of, or expedition into, Toryism.

In the matter of trade, we have a trade deficit of $1,460 million. All these items go to show the manner in which the present government has kept its promises to the Canadian people. I remember that in 1957 the Prime Minister shouted, "Take the taxmasters off the backs of the Canadian people". Who are the taxmasters now? Surely when we look at these figures we must realize that these promises must have been made in days when the government did not have the responsibility it has now.

We talk about tight money and interest rates. The Prime Minister talked about them in 1957 and pointed out how damaging they were to the provinces and the municipalities.

He went on to take credit in 1958 for lowering the interest rate, yet in 1959 he disclaimed all responsibility for tight money or high interest rates. Let us look at what the Prime Minister said in 1958. In Calgary on March 14 of that year he claimed that interest rates had fallen sharply as a result of government action since the previous June, from a high of 4.33 per cent to 2.89 per cent. Surely if the government can reduce inerest rates in 1957 it can reduce interest rates in 1959.

He went on to outline in Selkirk on March 17, 1958, as reported in the Toronto *Telegram* of March 18, Progressive Conservative accomplishments since they had assumed office, and he declared that one of these was to ease the tight money situation inherited from the former Liberal administration. If the Prime Minister and his cabinet eased tight money in 1957, then they did not think they had the authority and responsibility and the know-how to do it in 1959.

When the Tories are out of power the Liberals are blamed for tight money and high interest rates. When the Tories are in power they disclaim all responsibility and place that responsibility on the Bank of Canada and the chartered banks. When the Tories are out, the government of the day is the villain; when the Tories are in the government the Bank of Canada is the whipping boy. When the Tories are out they see one side of the penny; but when the Tories are in they flip the "Coyne".

When the hon. member for York-Sunbury (Mr. MacRae) spoke yesterday I did not think he was completely satisfied. He made reference to the appointment of a minister for Atlantic affairs. This is what he said, as reported on page 2926 of *Hansard*:

> —perhaps the time has arrived when there should be appointed a minister of Atlantic affairs just as we have a minister of northern affairs.

I could not agree with a statement like that. In the first place the position of the provinces is quite different from that of the Northwest Territories. Again, I would have some very grave doubts about appointing a minister for Atlantic affairs, because all that would do would be to make a colonial office for the Atlantic provinces. I do not think the Atlantic premiers are very happy about it either.

I have here a page taken from today's Montreal *Gazette*, which contains an article headed "Regional monetary policy". Perhaps the Minister of Finance would listen to this. Then there is a subheading, "Atlantic premiers ask British banker's aid".

Mr. Martin (Essex East): The Minister of Finance should listen to this.

[Mr. Batten.]

Mr. Batten: It goes on:

> The Atlantic provinces premiers have asked one of Britain's foremost bankers to study the effect of federal money policies on the Atlantic region, it was learned here. Sir Oliver Franks, chairman of Lloyds Bank, told them he would consider their request and give an answer in about 19 days.

Mr. Martin (Essex East): Would the hon. member permit me to suggest that he ought to speak possibly with a little more force so that the Minister of Finance, who is now engaged, could listen to this very important subject.

Mr. Batten: It continues:

> It is understood Franks has been asked to head a commission of three who would investigate the effect of Ottawa's money policies at first hand and submit recommendations or changes.

Surely this indicates that the premiers of the Atlantic provinces are not very happy with the monetary policy of the present government.

Going back to some of the promises which have been made by the Tory party, one can almost see the sky darkened by the flapping wings of chickens coming home to roost. Or we could look back over the long list of Tory promises on which this government was elected and, viewing them in the light of accomplishments, is it any wonder that the government should want to scorn the base degrees by which they did ascend.

Mr. Chambers: The best record in history.

Mr. Batten: You will have a job to prove it. I come now to a few comments concerning civil service salaries. For many months the government has had this question under consideration, but the shabby treatment accorded to members of the civil service last Thursday evening compounded all that was done before. Determination of civil service salaries is a joint responsibility of the civil service commission and the government as outlined in section 11 of the Civil Service Act. Generally the policy of the federal government has been to relate increases in salary to the remuneration received by workers in comparable fields. This policy was well defined in 1951 by the former prime minister, Mr. St. Laurent, when he said:

> As I have said on previous occasions, the government's policy in these matters is based on two main principles, first, that salary and pay scales and other conditions of employment in both the civil service and the armed forces should be such as to attract and retain persons of the right type and necessary qualifications; second, that having regard to ancilliary conditions of employment, remuneration for each class of work or employment should be generally in line with that paid for comparable work by good private employers.

On May 1, 1958, the Prime Minister expressed the same view in these words:

> For many years it has been generally accepted that two main principles should guide the determination of salaries in the service. First, the salaries must be enough to do the job, that is, to attract enough of the right kind of men and women into the service and keep them in it. Second, they must be fair as between civil servants and people outside the service—the taxpayers—which means that the salaries we pay for any class of work should be comparable with those paid by private employers for similar classes of work taking into account the other terms of employment that are necessary to make a fair comparison. I think these principles should continue to guide us.

In an effort to arrive at some satisfactory method of comparing civil service salaries with those in other fields the government in September, 1957 set up a pay research bureau following a similar development in the United Kingdom a year earlier. This bureau, under the direction of the civil service commission and the Department of Finance, made its first report which was followed by a report of the commission in the spring of 1958 stating that no general revision of salaries was warranted. At that time the government refused the request for salary increases and shifted the blame from the shoulders of the cabinet to the commission by tabling the report in the House of Commons. This report was not embarrassing to the government, because it could be used to support the cabinet's rejection of the civil service request, a rejection based on the government's financial position which had been brought about by the government's own financial ineptitude.

Further investigation was made by the bureau, and it was shown that some classes were receiving salaries 20 per cent below those paid by private employers. The overall picture revealed a gap of about 8 per cent. The commission's report based on these findings was not tabled in the House of Commons although it had been received about six weeks before the last session ended. Why was the 1959 report not tabled? Why was it considered to be confidential although the 1958 report had been made public? Obviously on this occasion the government could not use the commission as a whipping boy. Responsibility for the denial was now placed squarely in the lap of the government. Then, true to form, the government began its delaying tactics and returned the report for further examination.

Finally, on Friday, October 13—it was a most unlucky Friday for the civil service—the Minister of Finance flatly denied to accord the increases. This time, having no commission report to support his action, he proceeded immediately to muster public opinion and backing by stating that the salary raises which had been requested would cost $214 million which would be equivalent to an increase of 15 per cent in the income tax rates. One can hardly conceive of a more effective statement with regard to placing public opinion behind the minister's rejection and militating against a favourable attitude on the part of the taxpayers toward the civil servants' application.

The arithmetic by which the minister began with $50 million to meet an 8 per cent increase in salary and concluded with $242 million is devious and doubtful. The minister may not have intended to do so, but he certainly left the impression in the public mind that if the requested increases were granted the total amount would be an immediate charge on the treasury for the year 1959. The public may take a different view and consider that if almost $6 billion is to be collected by the Minister of Finance the spending of this money, while directed by the government, should be managed by those who are qualified to do so and who are sufficiently well paid to do so.

A few months ago the increases requested by the civil service were supposed to cost $242 million. In the next budget speech the minister stated that $15 million would be sufficient to provide increases for about one-third of the civil service. No wonder there is confusion and resentment. This whole matter has been poorly handled by the government. The arrogant manner in which the recommendations of the civil service commission were rejected; the minister's tabling of one report when it suited his purpose—

Mr. Fleming (Eglinton): On a point of order. The minister never tabled any report.

Mr. Batten: I did not get that.

Mr. Fleming (Eglinton): The hon. member has said the minister tables reports when it suits his purpose. The minister has never tabled any report, and if there is any assertion that the 1958 report was tabled, that assertion is wrong.

Mr. Batten: If the hon. gentleman wishes to make a comment on what I am saying he will have ample opportunity when I am through.

Mr. Fleming (Eglinton): No, Mr. Speaker. This is a matter of privilege. The hon. gentleman has said the minister tables reports of the civil service commission when it suits his purpose—

Mr. Martin (Essex East): On a point of order—

Mr. Fleming (Eglinton): I was speaking on a question of privilege.

Mr. Martin (Essex East): I am rising on a point of order.

Mr. Speaker: The hon. minister wishes to make a correction with respect to what has been said by the hon. member who has the floor, and he raised that as a matter of privilege. I think the course to be preferred, if the hon. member who has the floor does not yield, is to make the correction at the conclusion of the speech. That is the better course to follow. It is one which is prescribed by the rules of the house although, perhaps, it is not one which is usually followed.

Mr. Fleming (Eglinton): Without labouring the point, may I say that the comment made by the hon. member is a reflection—and I think it was intended to be a reflection—upon myself. The hon. member said the minister does something when it suits his purpose. My answer is that the minister never did anything of the kind. He never tabled any report.

Mr. Speaker: If the minister thinks that there is a reflection on his conduct amounting to a question of privilege he can, of course, raise it at the time, and should do so.

Mr. Fleming (Eglinton): That is what I have done.

Mr. Batten: Mr. Speaker, if the Minister of Finance wants to talk I prefer that he do so in his own time. I would remind the house that there are three kinds of politicians, those who talk too much, those who tax too much and those exceptions who do both. The Minister of Finance is the exception.

In discussing these salaries I agree with the minister's class by class arrangement which I am sure will be welcomed by the civil servants but I am sure they will be concerned with the date of this revision and the date from which any increase will be effective. Certainly this revision was in the mind of the minister when he presented his budget. Why was the announcement not made then? Obviously, to the Minister of Finance a headline in the daily papers indicating a surplus was more important than the peace of mind of the civil servants.

I wish now to refer to the speech made on Tuesday last by my friend the hon. member for York-Sunbury. The hon. gentleman placed a table on the record at page 2925 of *Hansard* showing the amount of money spent under different headings in the years 1955 and 1959. There is some question in my mind as to why the hon. gentleman should pick the year 1955. I believe that if comparisons are to be made they should be made between significant years. Why not take the year 1945 or 1935?

The hon. gentleman then went on to give the amount of money being spent under different headings and referred, for example, to the trans-Canada highway. There has been no money spent by this government on the trans-Canada highway except that which would normally follow the initial legislation. The government has brought in no legislation to amend the act other than to provide the money that is normally required.

My hon. friend then went on to speak about the amount of money given to the Atlantic provinces for the acquisition of buildings and vessels. The question that comes to my mind is this. What about the 50 ships that were going to form the nucleus of a great Canadian mercantile fleet? What about the Canadian steamships down in Halifax harbour? Statements of this kind are wild and unfounded.

I am reminded of the occasion when the Minister of Transport (Mr. Hees) claimed that his government built the airport at Stephenville. That airport was constructed, had been officially opened and was being used before the election of 1957. I am also reminded of a statement made by the Prime Minister last November in the famous speech when he spoke about social justice and referred to the increases which had been given to the Canadian people under the heading of family allowances. I am sure the Canadian people have received no increases under the heading of family allowances as a result of any legislative action on the part of this government.

Mr. Speakman: Oh?

Mr. Pickersgill: None whatever.

Mr. Batten: Indeed, none whatever.

Mr. Speakman: They got promises, but nothing else before then.

Mr. Batten: I turn to the speech made by the Minister of Finance in Halifax, I believe last October. He referred to a number of things in the Atlantic provinces and although I do not believe he intended to do so directly he certainly left with the people to whom he was speaking the impression that these things were Conservative policies.

He referred, for example, to the feed freight assistance policy and went on to describe how important it was to the maritime provinces. It certainly is important but I know that this policy was initiated by the Liberal government in 1941. He went on to

talk about the great benefits derived by the Atlantic provinces from the industrial development bank. That, too, came into being as a result of Liberal legislation passed in 1944.

The hon. gentleman went on further to talk about the Atlantic provinces' adjustment grants. Here I am going to give the minister full marks. I have said both inside this house and outside of it, and I shall say again, that in providing these special grants to the Atlantic provinces the minister has done a commendable job for which I give him full credit. He made reference to those grants in his speech on that occasion.

The hon. gentleman also referred to the subventions on coal, yet coal subventions were started in 1928, a year when a Liberal government was in power in this country. The minister's next reference is a dandy. He referred to the $15 million paid by the federal government toward the construction of the Canso causeway. Here again is a good Liberal project.

The hon. gentleman went on to talk about Camp Gagetown, another project initiated by the Liberal government. He spoke about the Fisheries Improvement Loans Act passed in 1944, the Farm Improvement Loans Act also passed in that year and also referred to freight rates in the maritime provinces stating that money had been granted to reduce the rates in those provinces, but they were reduced to 10 per cent from 17 per cent after the rates had been increased.

The minister when making his speech would have been more interesting to the people in the Atlantic provinces if he had made reference to special income tax concessions to industry locating there, if he had talked about the freight rate structure in the Atlantic provinces, low cost capital loans, consideration for the building of trunk highways, a greater allocation of defence spending and the tariff structure in relation to the maritimes. Those are things in which the people there are interested. However, we do give him credit for giving to the people of the maritimes a long list of Liberal accomplishments.

I turn now to a consideration of federal-provincial relations. We all know the story here. We know that during the 1957 election campaign the Prime Minister promised that if he were elected his government would call a federal-provincial conference immediately to settle some of the problems existing between the provincial governments and the senior government of this country. He said, for example, on April 25, 1957, in his opening campaign speech in Massey Hall:

> We intend to form a government to immediately convene a dominion-provincial conference to bring about a settlement of these problems, not in the spirit of arrogant domination as displayed by the present government, but in the spirit of unity and amity and with mutual tolerance and respect.

In the same speech he said:

> —a Conservative government, if elected, would immediately call a federal-provincial conference to settle existing problems.

I could cite a number of these references, but let us examine what has happened. A conference was called late in November. The premiers came, made their statements and went home with the promise of another meeting in January. No such meeting was ever called.

Mr. Speaker: Order. I am sorry to interrupt the hon. member but I must inform him his time has expired.

Mr. Nicholas Mandziuk (Marquette): Mr. Speaker, it was a pleasure to hear such enlightening addresses from the members of the opposition; it was a pleasure to hear political battles fought over again today; it was a pleasure to hear how many people are unhappy and in particular those sitting on the benches opposite. I felt that there might be some change in this world but yet it has not changed. The life and activity of this nation, both in production and development, are going on at a great pace in spite of the fact that the "experienced" hands of the gentlemen opposite are not at the helm of state. Because they are not at the helm of state they resort to every trick known to oratory to introduce doubt and timidity in the public mind. Do we need any proof of this statement? Just glance back at what has been going on during this session, during the last few months, few weeks or few days.

Not so long ago the Minister of Trade and Commerce (Mr. Churchill) gave us a very interesting and exhaustive review of the situation of Canadian trade. Canadians were happy to hear that our export trade was expanding, that we were gaining new markets. But, Mr. Speaker, this stunned the opposition for a while. Then when they regained their balance they charged him with too much optimism. "Oh, you are too optimistic. Things are not as good as you say. Oh, how much better they would be if we were sitting there instead of the place where the Canadian people put us."

I was going to make reference to a critical editorial in the Winnipeg *Free Press*. In view of the fact that the Minister of Trade and Commerce rose this afternoon on a question of privilege, it is already on the record and I am going to skip it.

Let us go to the Secretary of State for External Affairs (Mr. Green). Most of the country thinks he has done a wonderful job.

In spite of the fact that he is not as experienced as some of those men opposite, a lot of those experienced men opposite have their former colleagues at home biting their fingernails. Hon. members know that the Secretary of State for External Affairs spoke with pride of the role Canada is playing in world affairs, e.g. in the United Nations. This role is nothing to blush about. Canada's role and influence in the North Atlantic Treaty Organization, in the British commonwealth of nations and in international affairs is probably out of proportion to our size and population. This role is owing to the leadership that our Prime Minister (Mr. Diefenbaker) has given.

The Secretary of State for External Affairs gave us the exact picture. What did we hear from the opposition? Oh, they joined in a chorus: You are too optimistic; Oh, this world is so dark; there are dark clouds on the horizon, thunder and lightning; hell will break loose unless the Canadian people realize that they have been fooled. Do they know why they are where they are? They are there because they fooled the Canadian people until they realized it.

I think the review of the Secretary of State for External Affairs filled us with pride. I think any person with any sense should appreciate criticism. I could refer to the words of President Eisenhower when he spoke to one of the Latin American nations, either Argentina or Brazil. He said, "We are not saints; we can make mistakes, but our hearts are in the right place." Are the hearts of these people who criticize in the right place? What do we hear from them? "Disarm, disarm", one section cries. "Oh, to arms, to arms", the other section cries. They accuse us of lack of leadership. I am trying to give the house my personal reactions, the reactions that I get as a backbencher, as a man with no political experience, the reaction I get from all this back-biting back and forth.

Let us go to another department. If the Minister of Finance (Mr. Fleming) had any secret hopes that he would get any bouquets or prizes for bringing in a balanced budget he must be disappointed. When the minister budgeted for a deficit in previous years the hue and cry was: "You are driving this country into ruin; oh, you are spending money like a drunken sailor." Hon. members heard that, did they not? It was said, "You are spendthrifts; you are leading us into inflation that is going to be the ruin of this country. What does he know about finance?"

An hon. Member: Who is that?

Mr. Mandziuk: I am just repeating the words and the questions that they asked and the implications that they tried to put across to the people of this country. But, when the minister brings in a balanced budget they call it "cold porridge". That is what the expert financial critic said. They call it, "a do-nothing budget, a don't-budge budget; they say that the jobless were ignored", and so on down the line.

In the course of my remarks I shall give some of the reactions of the Canadian Press. But before I do so, I want to mention the criticism, or the so-called criticism, as it affected me. When interest rates were going up last summer we heard nothing more than the theme, "tight money, tight money". We even had some questions on the orders of the day. What are they saying today when interest rates are going down? There is not a peep from the other side. Why?

An hon. Member: They are all asleep.

Mr. Mandziuk: Oh, yes. It will be a long time before they wake up.

Mr. Deschatelets: We are enjoying your speech; it is very good.

Mr. Mandziuk: Thank you. I am giving it for your enjoyment. Let me refer to another department. The Minister of Agriculture (Mr. Harkness) was all but crucified, all but charged with treason, when under his instruction, direction and leadership the stabilization board changed the system of price supports on eggs and pork from outright purchase to deficiency payments. What did we hear in this house?

Mr. Michaud: The hon. member for Rosthern.

Mr. Mandziuk: Blue ruin. Barrels and barrels of tears were shed for the poor farmers. I too felt like crying for them because I knew they were not getting a square deal. But why the silence now? The Minister of Agriculture asked the house and the country to give the scheme a chance and I am beginning to think that the minister has some horse sense. Egg prices are going up and the opposition has not asked one single egg question or one omelet question up to this time. But I think that wonderful troupe is tuning up for a new chorus. There will be another chorus. Do you know what it is going to be? When the price of eggs reaches a certain level, a level of prices to which I think Canadian farmers are entitled, the opposition is going to be singing another chorus. In whose defence will they be crying? They will be saying that the poor consumer is going to suffer because the price of eggs is going up. They cry, they always cry.

I have tried to follow the criticism of the budget. I like to hear objective criticism.

We appreciate that. But all we hear are bits here and bits there. Do you remember the story—I think some hon. members will—about the six blind men of Hindustan who went to see the elephant. Each one touched a certain part of the elephant. The one who touched the ear said that the elephant was like a fan. The fellow who took hold of the elephant's tail said that it was like a whip or rope; he could not be convinced otherwise. The chap who got hold of the elephant's front leg said that it was very much like a tree. But the fellow who bumped his head against the body said that the elephant was like a wall. Then they started to fight among themselves as to who was right. That is what we get by way of criticism from the opposition.

Those of us who lack the political experience of the gentlemen in the opposition are astounded and bewildered by such tactics. But we have some common sense and common sense tells us that the aim of the opposition is to talk the country into another recession so that they can be given an opportunity to put on their tarnished and battered armour, get out their three-legged horse and pose as saviours of the people in the next election. If you will permit me, Mr. Speaker, I should like to read an extract from a newspaper article. How true are the words written by Nate White in the *Christian Science Monitor* of February 20 last. Mr. White is the business and financial editor of this paper and this is what he had to say under the headline, "Gloom-Talk Hobbles U.S. Boom". The article refers to the United States but I think it is most applicable to Canada. He said:

> A recession does not begin solely from talk, but talk plays an important part in it. Talk becomes publicity, and publicity in this highly communicative society multiplies. It is extremely easy to manufacture a recession almost literally out of thin air once the communication system gets in motion. This is what is happening now.

He is referring to the United States but that is what is happening right in this country and in this house. He went on to say:

> But if gloom, like a low-spreading fog, continues to creep throughout the nation, it can introduce doubts and timidity in public thought and eventually in business decisions. Before anyone hardly knows what has happened, a recession is upon us.

This must be the object of the opposition. The words of this eminent journalist are so applicable to the tactics and apparent plans of these people who were so long in power and so used to ruling this country that like children they are still crying for those sweet days when they were in power.

The budget has been introduced and the rules call for a maximum of eight days debate. Barrels and barrels of tears will be shed. In fact, several barrels of tears have been shed already. Eight days of debate costs the Canadian taxpayers a pretty penny. Therefore Canadians expect their elected representatives to give full and careful consideration to the manner in which the government raises money and the manner in which it spends it. The budget has been labelled as a cold porridge, do-nothing budget and everything else, but I maintain that it will have definite effects on every segment of our economy.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Mandziuk: As we adjourned at six o'clock, Mr. Speaker, one of my colleagues remarked on the fact that our friends, the Grits, were conspicuous by their absence, there being one frontbencher and two or three others present. But I was heartened by another colleague who said that when their leader teed off with a non-confidence motion on Monday, I think it was, with a very good factual criticism of our defence policy, he counted only 13 of his supporters during that one speech of his. I was therefore heartened. I have not lost heart. I was reflecting that they did not care to listen to an inconspicuous backbencher and that was the reason they had stayed away.

Mr. Deschatelets: I hope the hon. member has better arguments than that one.

Mr. Mandziuk: I am again reminded of the six blind men of Hindustan by this remark of my friend.

Taking the budget as a whole we should be happy, if for nothing else than the fact that there are no tax increases. I join those who have spoken previously in complimenting the Minister of Finance on a job well done. Hon. members do not need to take my word for it. I know in particular that members of the opposition often resort to opinions appearing in the press. May I be permitted to quote from the Winnipeg *Tribune* an editorial published on April 1, the day after the budget was presented. It states in part as follows:

> Just the same, the budget must have given many Canadians a great deal of quiet satisfaction. For the first time since 1957 the finances of the country were climbing out of the red into the black. Mr. Fleming was able to balance the 1960-61 budget and even forecast a small surplus.
>
> This means—

I hope the doubting Thomases will take this into account.

—that the inflationary effects of government fiscal operations should diminish considerably and that the competition for capital resulting from heavy federal government borrowing should ease off. This year Ottawa will borrow only $201 million compared with $900 million in 1959. The provinces and private agencies should be able to borrow for more of their growth needs in Canada rather than being forced into the U.S. money market.

I quote further:

The effects of this determination and effort are already being felt.

I ask my hon. friends to mark these words.

The bank rate—a barometer of tension in the nation's finances—has fallen to 3.26 per cent—

No wonder they do not ask how the bank rates are at the present time.

—after a steady eight-week decline.

Mr. Fleming is further complimented in this editorial as follows:

The essence of Mr. Fleming's budget speech and the budget itself was middle-of-the-road moderation. The same can hardly be said for the initial criticism of the budget by William Benidickson, Liberal financial critic. It is his job to criticize and to tear budgets apart, but statements like "shocker" and "I don't know when a country has lost so much ground in so short a time" simply detract from a serious opposition assessment of the government's financial shortcomings.

That is the opinion of an extremely responsible paper. I recollect that the other day—I think it was on Tuesday—this same hon. gentleman, namely the financial critic of the official opposition, appeared on television and was asked what he would do. His answer, as probably those who saw that broadcast are aware, was this, "We would consult experts and we would do something". They had time in which to do something for a good many years.

However I should like to come nearer home and come to the capital. May I be permitted to quote a bit from the Ottawa *Journal* dated April 1, the day after the budget was introduced? It states as follows:

This is Mr. Fleming's answer to the pessimists who, within the past two years, saw deficit spending bringing possible budget deficits of a billion dollars, spoke of mounting debt and inflation threatening fiscal ruin.

The Jeremiahs who talked that way forgot Donald Fleming; forgot the Calvinistic finance minister who knew his stuff and did his homework and had the courage to say "no". The man who said "no" on civil service salaries—

Although they threatened to jump through the roof, as one hon. gentleman has remarked. They should attend to their business in offices instead of trying to jump through roofs away out west.

—said "no" to his ministerial colleagues, said "no" in the treasury board. Come hell or high water, the line would be held.

[Mr. Mandziuk.]

That is Donald Fleming as described in the Ottawa *Journal*. The editorial goes on to say this about the minister's estimates:

Hopeful guesses? Perhaps; but Mr. Fleming's past guesses have been amazingly good—his estimate a year ago of national income and the deficit came within fractions of being right.

In any event, come what may short of war, pestilence or other catastrophe, we have left big deficit budgets behind, for the time being at any rate; have struck our fiscal tents, with promise of prosperity ahead.

That is the local paper. I know the charge may come forth that these two papers that a backbencher has quoted are always favourable to the Tories but how about quoting from a paper which is favourable to the Grits? An extremely eminent journalist, who at least has grit tendencies with a small "g", namely John Bird, writing in the Toronto *Star*, stated this. May I quote part of his article? I respect the gentleman's judgment because I believe he showed good judgment when he was writing this article. Here is what he says:

However, the budget itself does bring Canada some way toward meeting the conditions which Coyne lays down—

Although very reluctantly, he still admits something, does he not? I continue the quotation:

—namely a reduction in the rate of our increasing dependence on foreign financing. It's roundabout, but it's there.

That is important. I do not care how the minister obtains it but he has obtained it. I come back to the quotation:

More important even than a small budgetary balance is the cut-back in estimated "cash requirements", that is in the need for the government to borrow money outside. For the coming year cash requirements for which the government will have to go to the money market are estimated at only $201 million as against $900 million last year and $1,273 million the year before.

That indicates that there is a very favourable reaction to this year's budget. Time does not permit, but I could quote for hours from various papers across the country showing a favourable response to this budget, this "cold porridge budget". True, some items show concern. I think we are here for the purpose of giving every item in the budget our serious consideration. I will share with you, Mr. Speaker, what disturbs me, and that is the statement by the Minister of Finance that the tariff was going to be increased on textiles.

Textiles immediately made me think of Japan. What effect would these tariff increases have on our trade with that country? I am going to paraphrase the minister's remarks he made to the Saskatchewan board of trade on February 19. He said that we westerners are very touchy at the mention of anything that may endanger disposal of our

wheat, because next to the United Kingdom Japan has become our second best customer for this product of the soil. Japan purchased $70 million worth in 1959. Western Canada depends so much on this country buying our foodstuffs.

I can well recall letters written by farm leaders from the west at the news that there were some negotiations going on between this government and the government of Japan about the cut-back on some of the imports coming in from that friendly country. The farm organizations were very disturbed and wrote letters to the Prime Minister and to the government. This same subject occupied a lot of space in the briefs presented by the interprovincial farm union as well as in the brief presented by the union federation of agriculture.

I myself was disturbed and wanted to find out what was the situation in fact, and I found the answer in the minister's address to the Saskatchewan board of trade on February 19 of this year. I would advise those hon. gentlemen who have not read this address to do so, because I think it throws a lot of light on this matter and it enlightened me about some of these matters which really disturbed me. I quote from this address, page 18:

> There are two particular features of the agreement which are noteworthy. The first is the escape clause whereby Canada reserves the right to apply fixed values for duty in the event of damage to Canadian industry; the second, the provision for consultation whereby each country undertook to give sympathetic consideration to representations made by the other. You should know that in the six years which have elapsed since the signing of the trade agreement with Japan, Canada has not once resorted to this special escape clause. We have been able to resolve our problems through frank and friendly consultations. This is the way of friends, and I assure you that both Canada and Japan would very much like to continue in this spirit of friendly co-operation.

That shows the basis of agreement between us and Japan. We know for a fact that in 1959 Japanese exports to Canada amounted to $105 million; $25 million of those Japanese imports, one quarter, were textiles. They affected our textile industry; I realize that.

But as a good friend and customer, Japan imposes restraints on exports to Canada. That is in accordance with the terms of the treaty. She recognizes that exports to Canada must proceed gradually and that she must avoid a disruption of Canadian markets. Japan recognizes that she must avoid excesses or flooding of Canadian markets with any one particular commodity.

I had to have two questions answered to be satisfied in my mind that the textile industry in Canada was an industry of sufficient importance, because we of the west, the woolly west, do not recognize the importance of some of these industries to Canada. I looked at the *Canada Year Book* and I found some very interesting facts, although the *Canada Year Book* of 1959 only contains statistics and records for 1956. But I found that there were 3,776 textile, clothing and woollen mills employing almost 200,000 people. That is a good sized industry.

Then I went further and searched to see whether there was any such animal in Manitoba, that young province which entered confederation in 1870. To my surprise I found that Manitoba had 37 textile mills, four knitting mills and 154 clothing establishments. This industry employed around 7,000 people. All in all there is around 200,000 people employed, and that means that if every family has an average of three or four members, there are about 800,000 human beings who depend for their bread and butter on work in our textile industry.

That impressed me because of the fact that this government recognized the importance of the agricultural industry. Therefore, the simple answer is, why not recognize the importance of the textile industry? If it gives a living to almost one million people in Canada, why should it not receive some consideration? This government has given consideration to improving the conditions of the agricultural industry by various enactments, such as farm improvement legislation, farm credit, acreage payments, cash advances, price stabilization, and shared assistance to farmers to compensate them for grain snowed under.

I had, too, another question which should be answered, because I realize we have to keep our people employed. Will this increase in tariff rates endanger our trade with Japan? I am watching the clock, Mr. Speaker, and I could quote from the address of the Minister of Finance, as reported in *Hansard* at pages 681 and 682 of February 3 last. I could read extracts from his address in Saskatoon at page 20, but time does not permit.

There it is shown that our trade with Japan is on the increase, that in the three months of November, December and January just past it has gone up. That is very encouraging. I am glad the Japanese understand that we cannot permit an influx in large volume of any particular manufactured product, because what Japan sends to us are finished manufactured products which compete with products made in Canada, while we sell to them raw products, foodstuffs, wheat, or products of the mine and of the soil. But having asked these two questions, I think I can safely meet with very little fear any

criticism by farmers out west and prove to them that this industry was entitled to this recommendation of the tariff board. It was not a decision of one man but of the whole board. It deserves some consideration.

In closing, I should like to give a few words of warning, not to the minister, because I think he is doing his best, but to industry. I hope the textile industry does not take this as a licence or as an excuse for raising the prices of their products. I hope that labour does not take this as a licence to ask for, and strike for higher wages. The Minister of Finance has asked us to hold the line. He is asking everyone to hold the line, including the big corporations.

As a man who grew up and grew old out in the west, I can say that this price squeeze in which the farmer finds himself caught today is the result of rising costs. I should like to read in the press that there has been a cut-back in the profits made by the corporation, profits which in some cases have reached astronomical figures. This is what is causing the price squeeze. I do not attribute to labour, in the main, the causes for these rising prices. I believe that our labour is efficient. I believe that for a dollar's worth of work our labour produces more than any other labour on earth. But I feel everyone must co-operate. This appeal made by the Minister of Finance to all of us to hold the line applies to the corporations, also.

I wish to repeat that the reason we are being priced out of the markets of the world, and the cause of this price squeeze, is rising costs. I am prepared to grant tariff protection but, again, I say I hope industry does not take this tariff protection as licence. We have to get our labour working but we also have to be prepared to compete with goods coming from Japan or from any other country. Of course, we want to trade with Japan as well, because trade is a two-way street.

In closing I should like to quote the words of the Minister of Finance as they appear on the official record of this house:

> So long as our access to foreign markets is unimpaired and we are able to keep the cost and the quality of our products and services thoroughly competitive we need have no fear for the future.

I think that applies to everyone. It applies to big business, small business and everyone alike.

Mr. H. W. Herridge (Kootenay West): I rise to support the subamendment, and in order to relate it directly to my remarks I should like to quote it again at this time:

> That the amendment be amended by striking out the period after the word "unemployment" and adding thereto the following words:
>
> 'and in the opinion of this house the solution of these problems requires amongst other things that the government give consideration to the following measures:
>
> 1. The planned elimination of wasteful defence expenditures,
> 2. The provision of a self-liquidating public investment program,
> 3. The provision of an appropriate capital gains tax.'

Before proceeding with my remarks, I do want to say that I enjoyed a number of the speeches which have been made by hon. members in this debate on both sides of the house. Whether I agree with them or not, I like people to get up and express themselves and tell the house where they stand—although I must say we are decidedly under the impression before they rise that we know where they stand.

I was particularly interested in the very thoughtful speech which was made this afternoon by the hon. member for Greenwood (Mr. Macdonnell) especially when he referred to the international situation and the contest going on in the world today; the struggle of ideas between those who believe in democratic institutions and those who are supporting forms of dictatorship.

I listened carefully and with interest to the speech made by the Minister of Finance (Mr. Fleming). I have listened to the minister for 12 years as a pessimist in this house, and three years as an optimist. I listened very carefully the other evening when the minister was speaking, with his Cromwellian stance, preaching the doctrines of Gladstonianism, doctrines of retrenchment and reform in the nugatory accents of Bay street.

While I was listening to the hon. gentleman I was inclined to think of past days, and I was reminded how much the minister resembled in his ideas and his mannerisms a very old friend of mine, an old Kootenay pioneer. As soon as I mention that magic word "Kootenay" I see all faces turned this way as if I was about to open the doors to paradise. Anyway, he was an excellent person. He performed the role of a minor tax collector and collected money due for mining licences, fishing licences, dog licences, and that sort of thing. He was a scion of the house of Buccleuch in Scotland. He was a Presbyterian elder, a man of unquestioned integrity, untainted virtue and as stubborn as a mule. He had another interesting facet to his character. He flew a Union Jack in front of his premises every day and, as a matter of fact, he had a Union Jack always on one desk or table in his office. I have heard of someone else who had a Union Jack draped on his desk in this house. But, as I said before, he was an excellent character, a lifetime friend

of mine who combined in his person all the characteristics of John Knox and Scrooge.

His family motto was: Always balance the budget. He was known as Walter Balance the Budget. I will illustrate what a good chancellor of the exchequer he was in his official capacity and in his domestic affairs, too. I remember being in a post office on one occasion when he went in to post some papers. He used to send the Vancouver newspaper to his brother in Australia. He handed the paper in, and the postmaster handed it back and said: It is a cent short. It will take another cent stamp.

He looked at him for a moment. "Ah, my boy," he said, "hand it me back, I'll take it home and cut out the advertisements." He promptly walked home, took an hour or so to cut out the advertisements, walked back and mailed the paper. Naturally he was a Conservative. Why I was reminded of this gentleman when the minister was speaking is because he always believed in balancing the budget. It is always wise to do so so far as the current account or daily or annual consumption is concerned, but to be successful as chancellor of the exchequer you must do more. You must have fiscal policies that make the best use of the human and natural resources you have in the country.

This old gentleman was well off in natural resources. He owned miles of timber limits and a good number of mineral claims which he never developed because he would always insist on balancing the budget and would not develop them until he had accumulated sufficient surplus so to do and he never accumulated that surplus. He died after 50 years of waiting for a surplus without having developed his resources because he wanted to balance the budget and was not willing to secure credit based on his natural resources or undertake a self-liquidating enterprise in the interest of the country.

When the minister was speaking I could not help but think of this ancient friend and very fine gentleman because in many respects I think the minister resembles him. We can learn a lesson from the faults of this humble chancellor of the exchequer and so can our present chancellor of the exchequer. I want it understood that my comments are directed to the minister in his official capacity because as a private citizen I know he is one of the kindest men who has ever picked the pockets of a helpless taxpayer.

I realize that the minister has to budget within the terms of reference of the capitalist system which provides certain limitations. My criticisms and the alternatives I propose to government budgeting are based on the socialist philosophy and outlook which of course means that instead of placing profits first we must consider humanity first.

We live in an expanding economy producing an abundance for all and exporting large quantities of goods. We have the abundance but what do we have against that? At the lowest estimate, the one accepted by the Minister of Labour (Mr. Starr), we have at the present time approximately one half million unemployed. That is the situation facing us. Unemployment is a serious and continuing problem in all its various aspects whether it is seasonal, occupational, regional, structural, technological or otherwise. This is a serious disease of modern capitalist society.

Anyone who reads books or daily, weekly or monthly publications knows there is an increasing interest on the part of economists in this aspect of modern society, continuing unemployment regardless of the prosperity of the majority.

To support my argument I shall quote a few brief paragraphs from an article by Edwin Copps which appeared in *Saturday Night*, issue of April 2, 1960. He writes what I consider a helpful article on the subject entitled "The Stubborn Facts About Unemployment" which appeared under the heading "Ottawa Letter":

> One of the minor tragedies of parliamentary battles is that their most important aspects are quickly forgotten. Politics creates most of its clamour about trifles. People remember the points that don't matter and miss the points that do.

There is much truth in that. I continue:

> For example, if Canadians remember anything about the most recent debate on unemployment it will be that most of the squabbling was about figures. They will recall that the opposition claims that nearly 900,000 persons were unemployed this winter while the government believes half a million were without work and looking for it.

That depends upon which side of the house you sit. I continue:

> This bickering masks the main malignancy of our economic life. It is the fact that our nation has within it a tumour that won't go away. It is a hard nub of persistent unemployment, a continuing surplus of labour in some parts of Canada. In good times and bad, it would appear, we have less than "full employment".
>
> In the rare moments of enlightenment when it was not gazing at two sets of troublesome figures, like a snake before the beady eyes of a mongoose, the House of Commons saw clearly something it was loath to admit. What it saw was this: we only enjoy full employment in wartime. At other times, even relatively prosperous ones like the present, many of our people are either on relief or sipping at the weak brew provided by unemployment insurance benefits.

Regardless of which side of the house we sit on I think as realists trying to find solutions to the difficult problems that face us—and no one suggests there is an overnight

solution—we must recognize the disease. In this case the disease is continuing unemployment in some of the sectors of modern society.

At the same time we realize as this problem exists we find various veterans organizations urging a 33⅓ per cent increase in the pensions of disability pensioners. Simultaneously, the veterans organizations urge an improvement in war veterans allowances particularly with respect to permissive income and some other aspects of war veterans allowance legislation. These increases are requested by organizations that are in close touch with veterans because they realize the people concerned require some adjustment in the pensions or allowances they receive to meet the changing cost of living in recent years.

We also find that many of our senior citizens lack the necessities of life and simple comforts. I have had the opportunity to visit senior citizens in my constituency who receive old age assistance or old age security. I have seen the dire necessity occasioned in most cases by living in larger places where much of the pension or assistance, is consumed by rent. I have seen the need of these people who have borne the heat of the day and instead of spending their lives in a measure of security and comfort exist with a great deal of discomfort lacking in many cases the bare necessities of life. I am sure that all hon. members have received correspondence on this question or have seen resolutions from organizations directly concerned with the welfare of senior citizens.

Unemployment, the needs of veterans and the needs of our senior citizens are problems that face us. Then, we have our civil servants who in many cases are receiving salaries below the prevailing rates in the districts in which they live. The evidence of the need of that increase is to be found by anyone who has read the excellent briefs brought to the attention of the government and hon. members. I am unfamiliar with all of the details as to the schedule of salaries, details as to the classifications, and so forth, but after reading those briefs I am distinctly of the opinion that our civil servants are entitled to adjustments in their salaries, wages and so on. We are glad that the government has at last started to recognize the just claims of the civil servants. Here is another group, a very important group in Canada rendering a service to this country, which has placed before the government its needs with respect to salary adjustments. I mention these few important segments of our population only to illustrate the points I wish to make. There are others, but time will not permit me to deal with them now.

[Mr. Herridge.]

What are the facts in relation to, shall I say, our opportunity to meet this demonstrated need? I do want to make it clear that I am not one who believes in unsound finance. By that I mean I recognize that budgets generally, except in times of emergency, as far as current revenue and current expenditure are concerned, should be balanced, and the suggestions I wish to make will be along these lines. I am not one who has lived on what you would call a bed of comfort all my life. I have known what hard work is, saving my pennies for a rainy day. That sort of experience inclines one to be fairly sound when making suggestions dealing with financial matters.

But what are the facts? I have stated some of the needs that have to be met. This year, as I heard the minister, it is estimated our gross national product will be $54.6 billion. The minister informed us that an amount equal to a quarter of that would be capital invested in Canada this year. The minister also informed us that in 1959 we had the largest exports in the history of Canada. Last year, when we had somewhere between 500,000 and 900,000 unemployed in this country, we exported $5 billion worth of goods, and we want exports. That is the position of the government as a whole with respect to the gross national product, anticipated capital investments in 1960, and the export situation last year which the minister expects to be improved this year.

What about profits? I am going to give only three or four illustrations. Last year was a most profitable year for business people in Canada. Since we live under the capitalist system I am not one to suggest for a moment that it is a criminal offence to make a profit because I realize business cannot exist under capitalism without making a profit. But I do want to bring to the attention of the house the excellent showing that some of the companies made last year, and the possibility this offers for the Minister of Finance when he is looking for funds to meet the needs that I have mentioned.

The Bell Telephone Company, the largest privately owned company in Canada, showed a net profit of more than $50 million, which was 29.3 per cent over the year 1958. The British Columbia Telephone Company, which we dealt with recently in the form of a bill presented to the house, second in size to the Bell Telephone Company, had a net profit in 1959 of $6.6 million, over 60 per cent higher than in 1958. The New Brunswick Telephone Company, privately owned, showed a net profit of more than $2 million in 1959; this was 33.7 per cent more than in 1958.

Let us take a look at a few of the other large corporations. Dominion Tar and Chemical had a good year, with a net profit of 53.8 per cent over 1958, amounting to $11 million. The British American Oil Company had a net profit in 1959 amounting to over $25 million, a 25 per cent increase over the year 1958. Abitibi Power and Paper Company showed a net profit of $11.8 million for 1959, a 22.5 per cent increase over 1958. International Nickel had a net profit of $85 million in 1959, more than double the 1958 profit.

I suggest that not only is it the duty of the opposition to criticize the government's policy or policies but to offer constructive alternatives to government policy. Before doing that I want to say that I have thought very seriously about this question because over the years I have come to the conclusion that time is running out for those who refuse to recognize the changes that are taking place. On the one hand, we have a growing economic dictatorship known as monopoly capitalism which is daily freezing out the genuinely free enterprise practised by small manufacturers and businessmen. This is occurring in every part of this country. On the other hand, we have the political dictatorship of communism.

We in the C.C.F. group, believing in democratic principles, believing in parliamentary institutions, believe there is a middle course. We call it a dual or mixed economy, representing an understanding of human nature, Canadian psychology, Canadian history and Canadian traditions, and that we can do something to find a middle way between those two extremes before it is too late. This is why this group continues to put forward to the house the policies it does. Unless we do this, Mr. Speaker, there is a day coming—and it is not far off—when there is going to be a clash between extreme views, because if you remove all the economic diversification from democratic society you will have placed democratic society into two clearly defined groups; on the one side the monopolistic owners, and on the other side the workers recognizing the fact that that is the position they must continue to occupy in society for all time.

How can we meet those current needs that I have mentioned? I have made these rough calculations. I am not suggesting that they are exact but I think they are approximately exact. I will deal with current account first. I think that any person who goes into debt for his needs is going to become bankrupt very soon. When it comes to current account we have to pay as we go, and we can do that and provide for the needs of the people of this country.

I estimate that a 33⅓ per cent increase in disability pensions will cost $50 million. The amount required under the War Veterans Allowance Act will cost approximately $7 million. To pay our senior citizens at this time—I am suggesting this figure—an extra $10 a month to which they are entitled would cost $130 million. The cost of increasing our civil servants' salaries I am going to place at $50 million. That makes a total of $237 million that we have to find for this current account expense involved in carrying on the day to day life of these people. Can we do it? With revenue estimated by the minister this year of $5,892 million, $237 million does not seem a very large figure to satisfy the needs of these very large groups in our society. We suggest that these needs can be met. They can be met first, as we say in our amendment, by the planned elimination of wasteful defence expenditures, and for a start we will use the figure of $300 million. I believe there is a reduction this year of around $90 million in defence expenditures.

We in this group are quite confident that every dollar that is being spent on the Bomarc is being wasted. We are quite confident that if the government pruned wasteful defence expenditure we could save $300 million for a start, and I think I am very conservative with that estimate. Not only do I say that but I predict that this government will be doing just that inside of a year or two because of the change of circumstances with defence.

We also urge an appropriate provision for a capital gains tax. This is a rather difficult tax to estimate. I have gone to a number of sources for information, and I estimate that we can obtain approximately $100 million a year from that tax. There is such a tax in the United States and the United Kingdom, and for the life of me I cannot see why a person should win $100,000 in a sweepstake and not pay a cent of tax while some poor chap working hard every day has to pay income tax if he earns above a certain level. There is a large field for the operation of a capital gains tax. When we refer to an appropriate capital gains tax we are not suggesting for a moment that we should take away the benefits that a man derives when he sells his home or farm property and moves from one place to another, but there are appropriate areas in which a capital gains tax can be applied.

According to the figures I have drawn up that makes a total of about $400 million as against requirements of $237 million. We in this group are definitely of the opinion that by taking that course we can, without any

imbalance of the budget, provide for these people who are appealing to the government for assistance and help at this time to remedy their present circumstances.

What about unemployment? I have left unemployment to the last because we in this group are of the opinion that unemployment, continuing problem that it is and related as it is to fiscal, investment and resource development policies, is not going to be solved out of current revenue. It will have to be solved as the result of a national investment program.

What do we need in this young country? There is need for a national highways system. I am not going to deal with that fully because I think there is a bill still before the house. But we have only to read a number of publications and resolutions in recent days to realize the enormous amount of money we are losing in tourist trade because of our highway system in Canada. The main reason for our unfavourable balance at the present time as far as the tourist industry is concerned is the condition of our highways in Canada. That is indicated in United States publications.

We need hospitals. My goodness, in the city of Ottawa people cannot get into a hospital. I have heard of people waiting for 10 days, two weeks and so on, and that condition prevails in many places. Should that condition prevail in a civilized society producing the immense amount of wealth that we are? We also need schools. There is a great need for rural redevelopment, which this government has recognized. At this point I want to say that I have been very interested in reading the proceedings of the Senate committee dealing with land use in Canada. I think they are doing very useful work. That is the sort of thing that can be done very well by the Senate. They can take their time, and I am not saying that in a jocular sense. Studies of this sort are not easily made by members of the house when they are burdened with the work of the house committees and correspondence. I think the members of the Senate committee are doing very useful work and as a result have obtained some most useful information.

There is a tremendous need in Canada for rural redevelopment and for the relocation of about 25 per cent of the farming population from marginal to satisfactory economic farm units. This has been proceeding in the United States. This is a field in which something practical can be done as a result of federal, provincial and community co-operation.

Look at the need for power. Look at the difficulty we are having in British Columbia and with respect to the development of that great natural resource, the Columbia river. Look at the opportunity there for the federal and provincial governments.

It is for that reason that we propose the provision of a self-liquidating public investment program. As long as it is self-liquidating it is a sound program because it is for the development and utilization of natural resources which brings returns. In doing so we bring together to the advantage of the community as a whole idle human resources and idle natural resources.

It will require planned fiscal and development policies to overcome the unemployment that is with us at this time and which will continue with us in any circumstances under our present system. We in this group say this. Because we believe in this mixed economy we believe that governments, whether federal or provincial, have to face the fact that they have to take the leadership with respect to the public sector of the economy. There is a public sector that definitely requires development. We say, let the private banks supply the capital needs and the capital requirements of the private sector of industry and development in this country and let the Bank of Canada supply the credit that is required for a national investment program.

The security is there as has been evidenced in recent years. Mr. Wenner-Gren comes to British Columbia and gets an option, as it were, on 40,000 square miles of British Columbia with huge water resources, huge forest resources, huge land resources, in short, an empire. What did his representatives do when they came before the Senate committee last year? For what did they plead? Mr. Mainwaring's adopted children came before the Senate committee and wanted the government to impose export of power taxation by order in council so they could bargain with any government in the future as to the taxes they would pay. They came before this committee and definitely said they were going to raise $500 million. What is the security? The natural resources of the people of British Columbia.

It is the same with the pulp and paper industry. One company in that province gets a timber management licence and is immediately able to go to New York and raise $200 million. What is the security? The natural resources owned by the people. We have hydro companies doing the same thing. We say that people seem to be hypnotized by the idea that money can only be created by private institutions. Under these circumstances the lending of money is a racket and an imposition on the people of this

country. I am not blaming the individuals concerned. The responsibility does not rest on them. Things are changed when enough people understand the situation and are alerted to it.

What we say is this. Why not use the national credit of Canada through the Bank of Canada, using the natural resources of Canada as the security or the base for a national investment and development program? We suggest that is one way in which to provide stability and more regularity of income in this country. It can be planned between the federal government and the provinces to fill up the gaps in unemployment at the most serious periods.

This afternoon, when the hon. member for Greenwood (Mr. Macdonnell) was speaking he mentioned our responsibility to the underdeveloped nations and the fact that democracy was challenged throughout the world. That is another aspect of our program that we believe in. The hon. member mentioned the disparity of annual income, between an average of $2,000 a year on the North American continent and $60 a year in India. There is no question about it, that situation cannot continue indefinitely. In the ordinary process of economics it will destroy us through an expanding population.

Democratic institutions are in danger. If we are going to meet our responsibilities abroad and do the things at home that are required at this time and in the future full production is essential to meet the needs.

I am nearing the end of my speech, Mr. Speaker, I have not had the opportunity to go into detail but I suggest that these are some of the alternative proposals, put forward by this party in order to provide full production in Canada and consequently full employment and to provide an opportunity for the government to fulfil its obligations to Canadians at home and needy persons abroad.

In conclusion, may I say this? We ask the government and the minister to give serious consideration to these proposals advanced in good faith.

Mr. M. E. Barrington (Chateauguay-Huntingdon-Laprairie): Mr. Speaker, my first words must be directed to paying respects to you on behalf of my electors and myself, having regard to the honoured position you hold in this house. I also at this time want to congratulate the Minister of Finance (Mr. Fleming) on the excellent budget he brought down one week ago tonight. I think this budget is appropriate and sane. We have heard a great deal of criticism, one way or another; but when we look back over the last three years we find that we inherited a recession which, had it not been for the good work of the present government under the capable leadership of the Prime Minister (Mr. Diefenbaker), could easily have developed into a depression and a severe one at that.

The present government, through its timely action, avoided this threat. Today we have a balanced budget. Over the past week end I had occasion to speak with several of my electors, and I am happy to say to the minister through you, Mr. Speaker, that I heard nothing but the most favourable of comments on the budget that was brought down one week ago tonight.

I think a further proof of the value of this budget as it has been brought down and of how well it has been received by the electorate in general across Canada is shown by the criticism made by the opposition. They are really floundering. They are looking for something to criticize. They are extremely disappointed in the budget, we know, because it is too good for their liking. We have heard such things as this. When they were asked what they would do, they said, "We would consult the experts" or "We would do something". I think the best experts to consult are the electors of Canada. Were they asked today in a poll what they would do I think they would give the same reply as that which they gave in 1957 and 1958. I think all will agree that the reply given at that time was most definite. The criticism of the opposition that I have heard to date—and I think I am a fairly regular attendant here in the house—reminds me somewhat of the housewife who is trying to make gravy without grease. The ingredients will not stick together and the people will not eat it.

I should also at this time like to congratulate the government and especially the Minister of Finance upon the proposed program for the civil service. I have a fair number of civil servants in my constituency and I know they are happy about the present plans. They look forward to a general improvement in their rate of salary. It is not all going to happen at once. They understand this fact. They are willing to accept it. The point about which I am extremely happy in the civil service plan is that it is going to help the man in the civil service with the lower salary. In other words, this is a plan to help the needy and not the greedy.

I have the honour to represent three counties in the province of Quebec, namely the counties of Chateauguay, Huntingdon and Laprairie. This being my maiden speech in the house I should like to take hon. members on a short tour through my constituency.

The counties are located in the southwestern part of Quebec and are bordered by

the St. Lawrence seaway on the east and by the county of Beauharnois-Salaberry on the north, the remainder being bordered by the state of New York and a section of the constituency of St. Jean-Iberville-Napierville.

As the county of Laprairie has a population composed to the extent of some 90 per cent of French speaking Canadians, I am pleased to represent my electorate there in the French language.

(Translation):

Laprairie constituency is located on the south shore of the St. Lawrence river, directly opposite the city of Montreal. As will therefore easily be realized, it represents an important section of the St. Lawrence seaway. Cote Ste. Catherine, the Laprairie basin, Candiac, Caughnawaga—are all places that we often hear about and which are situated in this important constituency. Farms and beaches along the river have all vanished from that area, as did the beautiful scenery of the great St. Lawrence. Many sites have been bought for future industrial expansion; a large industrial centre is under construction there. Population is rapidly increasing and, in this regard, I urge the Postmaster General (Mr. Hamilton) to consider the advisability of providing the electors of Laprairie with a letter carrier service.

Already, with the St. Lawrence seaway, the numerous railways, the well kept roads, the riding has become an ideal site for the development of new industries, and I intend to do all I can to attract new industries and, at the same time, to co-operate fully with the authorities in this regard.

I have in mind something you have probably heard about, and I refer to a project as important as the St. Lawrence seaway itself. You have probably guessed that I mean the deepening of the Richelieu river. The Richelieu will be deepened some day. It has to be done because the whole country needs it, because we need it and our neighbours to the south need it too. Some people suggest deepening the Richelieu from Sorel as far as lake Champlain. Others believe it would be more advantageous and more useful to dredge this canal inland, from Ste. Therese island on the Richelieu to the vicinity of Longueuil.

I have a third project in mind. I refer to a canal starting at Ste. Therese island, on the Richelieu, and cutting through the land to the area just outside Laprairie. One of the great benefits from such a scheme would be to shorten the distances and reduce construction costs. Moreover, the canal would end up in a new area, where it would be easy to do some city planning and provide appropriate residential, commercial and industrial zoning. This third project would obviously be of considerable benefit not only to the city of Laprairie but also to the surrounding area, on the south shore, and to the whole constituency.

(Text):

Mr. Speaker, my home county is the county of Chateauguay, the county where history was made on October 26, 1813 when Colonel Charles-Michel de Salaberry, with a few hundred soldiers and a friendly band of Indians, won immortal fame by successfully defeating the American invaders who had invaded Lower Canada and were marching on the city of Montreal. This is where the all important battle of Chateauguay was fought and won, and it is one of the great historical sites of our country.

The other county I have the honour to represent is the county of Huntingdon, which stretches from the Indian reserve at St. Regis across the river from Cornwall to the Richelieu river, and has some 50 miles of frontier with our neighbours to the south in the state of New York.

The two counties of Chateauguay-Huntingdon form what is known as the Chateauguay valley, and here dairy farming is the principal industry. In fact, it is considered to be one of the more important of its kind in the whole of Canada. Here a large percentage of the fluid milk consumed in the city of Montreal is produced. We have excellent soil and growing conditions, and all in all it is considered a very prosperous farming community.

Great pride is taken in the fine dairy herds raised throughout this area, and we have a good export market to the United States of purebred cattle and other livestock. In fact, it is not uncommon for cattle to be shipped from this area to such places as South America and many of the other Latin countries.

If I may be permitted to insert a little commercialism at this time I should like to say that in this fertile and prosperous valley, to be more explicit, my home town of Ormstown, Quebec, each year is held an agricultural and livestock exhibition. It is held in the second week in June and I would like to take this opportunity, through you, sir, to invite anyone interested in a good livestock and agricultural exhibition to be my guest at this fair, which is often called the Little Royal, and is known as the biggest fair in the smallest town in Canada.

As I have stated, the main industry in the counties I have the honour to represent is that of dairy farming. Dairy farming is a subject we hear very little about in this house. I have been rather disappointed, I might say, about this, since I have come into the house. We hear a great deal of another type of farming, but I fear we do not hear enough about the dairy farming industry.

I should like at this time to discuss this industry, but first let us take a look at the man who operates as a dairy farmer. What is he made up of? What kind of individual is he? There are two words which answer this question: he is a hard-working man. A dairy farmer today starts before sunrise and goes long after sunset. To be a successful dairy farmer a man must not only be hard-working but must be practically a jack of all trades and master of many. For example, he must be, in part, a veterinarian, an agronomist, a machinist. He has to be an expert in so many fields and in a goodly number of them he must be highly qualified.

We hear statements that the dairy farmer is enjoying great prosperity. With this I cannot agree. He has possibly shown a certain degree of prosperity in the last few years. But this has all come about by good management and efficiency on his part. The way things are in the dairy farming industry today, the dairy farmer is not getting the protection that other industries are enjoying. We know we have surpluses in dairy farm products, but I think these surpluses are because of the efficiency of the dairy farmer. We know that in the last few years he has been able to produce more; he has been able to place his commodity on the market, and I think especially of butter where a surplus has been built up of this product. Very well. Suppose this surplus has been built up due to the efficiency of the farmer. Why should the farmer be penalized because he is an efficient operator? We have to find a cure for this situation.

The dairy farmer has a great deal with which to contend. He must face many difficulties. He has to gamble with the weather. He has to gamble with the moods of the people in general, and he has a difficult market in which to compete. Workers in other spheres—workers in industry, for example—can go on strike through their labour unions if they are not happy about the way things are going. But the farmer would look very foolish if he decided to go on strike, closed down the valves on his cows and sent them out on the picket line. It would be a pretty foolish operation.

He is at the mercy of the public. He cannot obtain protection in the same way as other workers are protected, although the whole rural economy, especially in the eastern part of Canada depends on the dairy farmer. I think it is so true, the saying we often hear, that as the dairy farmer goes, so goes the nation. If the dairy farmer is enjoying prosperity, the whole district around him is sharing that prosperity. The dairy farmer is, no doubt, the backbone of our country. Maybe this country is gradually becoming more industrialized, but anyone who believes that a day will come when there will be no such thing as a dairy farmer had better give the matter further thought. The dairy farmer is the backbone of the country and I am certain he will continue to be so for many years to come.

With regard to this question of surpluses, I should like to make a suggestion to the Minister of Agriculture (Mr. Harkness) and to the government as a whole. As I have just said, I do not feel that the efficiency of the dairy farmer should be a reason for penalizing him in the end. I ask the Minister of Agriculture, whose dairy farm policy will, we know, be brought into the house in the very near future, to hold the line, especially with regard to the price of butter. I ask him to take no action as a result of which the dairy farmer will suffer. Let the minister retain the present measure of support. Everyone knows we cannot go on forever buying up surpluses. No government can do that. But I should like to suggest that the government appoint a commission to work with the dairy farmers of Canada through their group leaders to study this question in the coming year to try to arrange matters so that a balance between supply and demand with regard to this product can be attained. Butter is very important to the economy of the eastern dairy farm, and the future of the whole dairy industry depends on this product.

Now I should like to say a few words about another industry which I have in my constituency, namely the textile industry which plays an important part in the lives of my constituents both in Chateauguay and Huntingdon counties, especially in the towns of Huntingdon and Ormstown. As in other such localities, we are very much concerned about the future of this vital industry. We know that since the Progressive Conservative party has been in power a great improvement has been noted. We realize that there is still more to be done.

The former government criticized the textile industry, saying it was inefficient and poorly managed. It was ready to abandon

ship and let the industry sink. We know that the present government has no such intention. I am happy to say that the textile industry in the two towns I have mentioned, Huntingdon and Ormstown, is under the best of management, well organized and efficient. Sometimes when we speak of the textile industry I think we forget the very important part it plays in the life of our country.

We find that the primary textile industry, especially in the province of Quebec, is located in the smaller municipalities. When there is a shutdown at the mill, there is a shutdown in the town. This affects the merchant, the butcher, and the grocer; the whole financial set-up in the town is disturbed. When we consider that some of these smaller plants are established in towns with populations of 2,000, 2,200, or 2,800 people, one can imagine the effect upon all concerned when the mills are shut down. We cannot allow that to happen.

I know the Minister of Finance has given a great deal of thought to this problem and that he is still working hard on it. I have heard directly from the management of the mills I have mentioned that they are very pleased with the action the minister has taken to date. They know he is sincere and that he intends to do his level best to improve the situation, but I ask the minister this: even if it is necessary to take what might be considered in some quarters to be drastic action, he should take such action for the benefit of this all-important industry. As I have stated, many of the smaller municipalities are directly affected. Again, on behalf of the employers and employees engaged in the textile industries in my area, I ask the government to take very definite steps to improve the situation.

In the same breath, I want to thank the government on behalf of the employers and employees in this industry for the steps which have been taken in the past month to come to its aid. I sincerely hope that this assistance will continue until such time as this industry will enjoy the prosperity it once knew and deserves. As my final words on this subject, I would say if this industry is to survive in the smaller municipalities and small towns the assistance and aid must come now.

I bring these matters to the attention of hon. members, first, in order to represent my electors who have placed their confidence and trust in me by electing me as a member of this house and, second, in order that it be known that the counties of Chateauguay-Huntingdon-Laprairie do in fact exist. I regret to say this, but facts are facts and let us put the cards on the table. In past years my counties were poorly represented by the elected member who in the apparent custom of the day sat on the laurels of a sympathetic vote and forgot the needs of the electors. I can assure you, Mr. Speaker, this is not the pattern I shall follow either in this house or in representing my electors outside this house.

In closing I wish to express my thanks to the electors of my counties of Chateauguay-Huntingdon-Laprairie for the confidence they have placed in me and I wish to say that although the greater proportion of my electors are French speaking Canadians, I, an English speaking Canadian have been elected to represent them in this honourable house. This is a fact of which I am justifiably proud. This not only shows the great feeling of harmony that exists between our two great races in Canada but also indicates the fairness and good will shown to the minority race in that fine province of which I am proud to be a son, the province of Quebec.

(Translation):

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, since the Minister of Finance (Mr. Fleming) brought down his budget, several members have made speeches and, from the ministerial benches, there has come an unending stream of praise and congratulations directed at the Minister of Finance. One wonders if their words did not exceed their thoughts, as in the case of the hon. member for Roberval (Mr. Tremblay).

Soon they will have to publicly retract their remarks through the press, the same as he did.

The present budget, submitted by the Minister of Finance certainly deserves—

Mr. J. H. Tremblay (Roberval): Mr. Speaker, I rise on a question of privilege.

Mr. Boulanger: Mr. Speaker, the budget submitted by the Minister of Finance—

(Text):

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

Mr. Tremblay: Yes, Mr. Speaker.

(Translation):

Mr. Tremblay: I am rising on a question of privilege because the hon. member for Drummond-Arthabaska (Mr. Boulanger) just said that I had retracted through the press. I simply sent to the press a letter explaining what I meant in my speech, together with some incidental remarks on farming.

Mr. Boulanger: The budget introduced by the Minister of Finance no doubt deserves some praise, if it is compared with those of 1958 and 1959. However, the compliments paid the minister should not be too warm, con-

sidering the mistakes he has made in the past, as between his forecasts and the facts.

Mr. Speaker, like my colleagues, I should like to make a few remarks to express the feeling of the taxpayers I represent here. In the constituency of Drummond-Arthabaska, as in many others, there are two sectors of economic activity which determine the prosperity of its inhabitants: the textile and farming industries.

The matter on which I should like to call the attention of the house, and most particularly that of the Minister of Finance, is that of the textile industry.

The question has given rise to many newspaper comments, especially lately. It shows the importance of the textile industry in Canada, and particularly in eastern Quebec and in Ontario.

That industry, one of Canada's major industries, has been an essential factor in Canada's economic development.

According to figures published in the statistical year book, 1959 edition, in 1956 we had 3,786 establishments engaged in the textile industry, including 965 in primary manufacturing processes, 296 in knitting, and 2,525 in garment making.

Those 3,786 establishments employed 182,575 people, and produced close to $1,700 million worth of goods. It is hard to get statistical data for 1959, to compare with the figures I have just quoted.

However, I intend to talk about some sectors for which we have statistics showing that our textile industry has been constantly declining since 1956, and that that is one of the causes of the present alarming unemployment.

In spite of the best efforts of our industrialists and workers who wish to maintain their industries in operation, several of them gave up or moved to other countries. In fact, hardly two years ago, the Geo. Pattinson Company, which was employing 250 workers, moved its plant to Jamaica. Slingsby Manufacturing Co. ceased its operations in January 1959, thus putting 300 employees out of work.

(Text):

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

Mr. Boulanger: No, Mr. Speaker. My time is short.

Mr. Anderson: I was just going to say that the factory has not moved yet so the hon. member does not know what he is talking about.

(Translation):

Mr. Boulanger: No.

Imperial Cloth Company, a 25-year old industry which employed from 70 to 100 workers had to close its doors in 1958, after having incurred monthly losses of $3,000, for several months. Canadian Cotton, which was employing 2,000 workers, also closed its doors last year.

That was also the fate of a small plant in Saint John, New Brunswick, as well of that of Rosamond Woollen Mill in Almonte, Ont.

In Milltown, a textile plant sold its machinery to a private individual who moved it to the Dominican republic. In our own province, and in particular in St. Hyacinthe—

Mr. Pigeon: Which has a very good member.

An hon. Member: According to the St. Hyacinthe paper.

Mr. Boulanger: Gotham Hosiery Company closed it doors and dismantled its machinery in order to sell it—

Mr. Ricard: There are four new manufacturers.

Mr. Boulanger: That company employed 400 persons. In that same city of St. Hyacinthe, another company—

Mr. Ricard: You do not say a word of the others who have opened—

Mr. Boulanger: National Hosiery Mills, which had been operating since 1936, with about a hundred employees, closed its doors after having incurred a loss of $60,000 in two years.

In Sherbrooke, in the constituency of the defender of the textile industry—not here in this house but behind the scenes—Orient Hosiery, which employed 300 workers, closed its doors.

Julius Kayser had to lay off part of its staff.

Bruck Mills Ltd. has to close its doors, intermittently, from one to two weeks a month.

Venus Mills Ltd. closed its doors, having gone bankrupt.

Mr. Pigeon: Where is that?

Mr. Boulanger: Domil Ltd. had to close intermittently.

Mr. Ricard: That has always been so.

Mr. Boulanger: Yet, in 1957 and 1958, the Conservative government and its members—

Mr. Ricard: You know nothing about that industry.

Mr. Boulanger: —had found very easy reasons to explain the alarming situation which, according to them, was affecting that industry. It was the fault of the previous Liberal government, they claimed.

All the Conservatives of today, who were candidates in constituencies where there are textile plants, kept on saying that under a Conservative government, the textile industry would revive and prosper.

The Prime Minister (Mr. Diefenbaker) himself said in the maritime provinces, as reported by the Halifax *Chronicle-Herald* for May 6, 1957:

> If we want to build up this country and ensure jobs...we cannot do so by exporting labour to the United States in the form of primary products.
>
> A Conservative government would carry out a national development program as a crowning feature of Canada's first centenary as a nation.

On February 23, 1958, at Cornwall, Mr. Diefenbaker said this, which I find in the Cornwall *Standard-Freeholder* for February 24 1958:

Mr. Ricard: He did not learn his trade in English.

Mr. Boulanger:

> Last night, Prime Minister Diefenbaker promised that a Progressive Conservative government would pass legislation to put an end to the dumping of textiles and other products in Canada.
>
> Canada cannot live without its textile industry. Following representations to the tariff board, and the board's recommendations, we shall have to take the necessary steps to protect all our industries against dumping, he added, amid thunderous applause from the audience.

A year later, the Canadian Cotton plant closed down. We are now in 1960, and for three years have been under Tory rule. And now we realize the deplorable and piteous state of our textile industry.

Let us see what happened in the cotton industry since this government came into power. I do not mind comparing my figures with the 1956 figures, i.e. the last year of Liberal rule, as the statistics for that period cover the whole year. In the cotton industry, there were 22,400 employees on the payroll at the end of 1956 in all the spinning mills, which produced 51 per cent of Canadian consumption, whereas at the end of 1959, the number of employees fell to 18,200, while the production only covered 41 per cent of our domestic needs. At the same time, the United States alone sold us 45 per cent of our consumer needs.

Therefore, since this Conservative government came in, i.e. within the last three years, the number of workers in the cotton industry fell by 4,200, while our domestic market declined—

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

Mr. Boulanger: —in the proportion of 9 per cent.

Are conditions any better in the wool industry? Let us see. In 1956, 13,940 workers manufactured 53.42 per cent of our Canadian consumption. In 1959, 11,010 employees, i.e. 2,930 less than in 1956, supplied 49.7 per cent of our consumer needs.

Mr. Pigeon: Why?

Mr. Boulanger: In the silk and rayon industry, in 1956 15,200 employees produced 74 per cent of our domestic consumption, whereas in 1959, that number had fallen to 14,600 workers, whose production only reached 67 per cent of our consumption.

Mr. Tremblay: Are these Lamontagne's figures?

Mr. Boulanger: We lost a production of 60 million linear yards of cotton, 6 million linear yards of synthetic fiber and 1 million linear yards of wool material.

Mr. Pigeon: Why did you object to increased tariffs on British woollens?

Mr. Boulanger: It means that under the Conservative administration, the number of people employed in the primary textile industry has decreased by 6,730 in three years. May I point out, Mr. Speaker, that I am not referring now to manufactures of rubber goods, hardware, silverware, sporting goods, etc.

That is only part of the picture in the primary textile industry of Canada. It is no better off than some other industries like coal and gold, which are supported by federal grants.

The distressing position of primary industry, which has been brought about by the Tories, is no better than that of the secondary textile industry, or of advanced processing of primary textiles, such as the industries manufacturing articles of clothing, awnings, tents, nets, etc.

While the primary textile industry is affected by imports from the United States, India, Italy, etc., the secondary textile industry is affected to an alarming degree by the imports from Japan.

Our trade exchanges with Japan have greatly increased during 1959. Our total exports have reached $140 million, while our imports totalled $105 million, leaving a $35 million balance in our favour in Canadian dollars.

If we examine the amount of our textile imports, we note that it reached $41.5 million, or 56 per cent more than in 1958 when it was $26.6 million and 115 per cent more than in 1956.

According to the estimated figures for the first months of 1960, we may expect an even greater increase in imports over 1959.

Contrasting with the figures I have just mentioned, with a market 15 times that of Canada, the United States bought from Japan six times more goods than we did in 1959.

The break-down of our imports from Japan is as follows: textiles, about $10,600,000; finished products, $30,300,000; yarns and sundry, $600,000.

Therefore 73 per cent of our imports of textile goods are made up of finished articles which require no further processing by Canadians.

The Japanese can indeed refer to a balance of $35,000,000 in Canada's favour. But let us look at actual facts and find out which of the two countries gains more.

To fully appreciate how much damage Japanese imports are doing to our economy, we must think of the replacement value represented by those goods in Canada.

That replacement value being two or three times greater, it means we imported the equivalent of $300 million worth of goods from Japan last year.

Apart from the figures, there are other principles which should guide our economy. The most important one, and one which our ministers do not seem to understand, is that we would gain more from promoting employment in our factories than from promoting the sale of raw materials. As long as we go on exporting our manpower through the purchase of finished products imported from countries where salaries are as low as 15 cents an hour, there is no hope of checking unemployment.

While I realize that we have to buy from Japan and from other countries if we want to sell them our own goods, there must be a reasonable balance in the transactions, a balance which should be based on the intrinsic value of the dollar in each respective country.

In the past few months, I know that representations have been made to the Prime Minister and to the Minister of Finance by western farm organizations, urging the government not to apply restrictions to Japanese imports because that would prevent a further expansion of our wheat exports.

I respect that point of view, but the hard fact remains that there are close to 200,000 employees in our textile industries. If we deprive them of their means of subsistence, Canada's economy will be jeopardized, and western farmers may be the first to suffer.

We must also think of the 93,000 young people who enter the labour market every year. What can we offer them as compensation for the jobs we would be exporting through increases in our purchases abroad?

After all, we should not have to buy them a ticket to Japan or Hong Kong.

Mr. Speaker, to assess the possible effects on our economy of the government's failure to protect our secondary and primary industries—and I am thinking of textiles—we need only look at a study made by Canadian National economists in the city of Stratford, Ontario, on the economic impact to be expected from the creation of new jobs for 100 workers. It is shown that those 100 new jobs would provide a living for 131 families or 427 individuals.

Those 100 jobs would create 117 other non-industrial jobs, and finally, would raise the annual purchasing power at retail prices by $939,000.

There is no doubt that if the investigation had been continued into the possible effects of the creation of 200 new jobs, the resulting figures would have been more than doubled.

Mr. Speaker, it cannot be denied that the situation of the textile industry is alarming in Canada. It is alarming for two reasons: excessive imports and ineffective anti-dumping legislation.

What future is there for our textile industries? That will depend on the share of the Canadian market that is reserved for our domestic industry in relation to imports.

In 1956, economists predicted that in 1975, Canadian demand for clothing would rise to

$2,000,200,000, or 2¼ times the present level. The same will apply to the demand for industrial and household textiles.

The figures collected in 1959 show that the forecasts were rather conservative.

It can therefore be expected that in 1975, the labour force employed in the primary textile industry will be of 182,000 people for the production of the textile products required to meet our needs.

What proportion of the labour force will be Canadian? That will depend on the percentage of the domestic market that can be retained by our industry.

If the 46 per cent share we have today is maintained, in 1975 we shall have 120,000 employees in the primary textile industry. At that rate, the same could be said of the secondary industry.

The textile industry is aware of the unemployment situation which exists now and will exists 15 years from now. It is also aware of its need to expand in order to keep up with the development of the country; that is why it has put in modern equipment comparable to that of American industry.

However, there is a phase in the economic process where the industry and the textile workers can exert no influence, that is in the field of world trade.

Only the government can be of assistance in that field if it wants so supply an incentive for our industries.

To achieve that, we need men who have the strength and the courage to face the problem, and not ministers and members of parliament who hide their faces when they speak in this house. In other words, we need men with backbone.

(Text):

Mr. Anderson: You have got them now. You did not have them in 1957.

Mr. Ricard: He is speaking through his hat anyway.

(Translation):

Mr. Boulanger: For the last three years, the Prime Minister and the Minister of Finance have received representations, briefs, delegations, etc., etc. from the people concerned and the result was a tariff increase on British woollens which has been practically ineffective.

In 1958, anti-dumping legislation was passed by parliament, which could give good results if it were applied. Yet, we had a greater number of linear yards of cotton imported than last year and the Canadian government did nothing to protect the textile industry. Consequently, members from every region where the textile industry is established stated in 1957 and 1958 that the textile industry had to be saved.

For the past three years, that is since the end of the Liberal administration, while the number of employees has decreased by 6,000, our imports have increased and this has contributed to the slow down in our textile industry.

(Text):

Mr. Hodgson: You mean they dropped 6,000 three years ago.

Mr. Anderson: Mine are working night shifts.

(Translation):

Mr. Boulanger: I have here a letter giving a summary of the situation in the textile industry.

Mr. Pigeon: Over whose signature?

Mr. Boulanger: It was published in *La Tribune* of March 1960, and reads as follows:

Sir:

Last January 26, Mr. Maurice Allard, member of parliament for Sherbrooke made an interesting speech in the house on the question of disarmament and on its consequences.

With all the members of my family, I can appreciate what Mr. Allard can say on a question of such scope and importance, but I think that in view of the serious situation in which—

(Text):

Mr. Speaker: Order. The hon. member is contravening the rules of the house by reading extracts from editorials or news columns which criticize the conduct of hon. members in the house.

Mr. Ricard: An anonymous letter.

(Translation):

Mr. Boulanger: Mr. Speaker. I shall conclude my remarks—

Mr. Ricard: It is an anonymous letter.

Mr. Tremblay: He does not know the rules.

Mr. Boulanger: —by commenting on the press release in which the primary textile industry said, following the statement of the Minister of Finance, that:

—The primary textile industry states that "the changes in Canadian tariff on artificial fabrics and fibres, announced tonight by the Minister of Finance (Mr. Fleming), will hardly bring any change in the protection against imports."

In another release, the Canadian cotton industry made this statement:

The Canadian cotton textile industry has studied the Canadian tariff amendments announced tonight by the Minister of Finance, Mr. Fleming, and sees no real cause for optimism.

(Text):

Mr. Speaker: Order. If the hon. member will permit me to interrupt, it is now ten o'clock.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

AIRPORT TERMINAL SERVICES FOR COMMERCIAL AIR LINES

Question No. 209—**Mr. Fisher:**

1. At how many, and what airports, in Canada does the Department of Transport provide terminal services for commercial airLines (including Trans-Canada Air Lines)?
2. What was the revenue at each of these airports in the fiscal years, 1957-1958 and 1958-59?
3. How much of this revenue came from commercial airlines?
4. What was the cost, where determinable, in these years at each of these airports, to the government?
5. How many employees of the department were employed at these airports in these years on work that has direct relationship to commercial airline operation?

Answer by: **Hon. George H. Hees (Minister of Transport):**

(See page 3034)

5. 1230 and 1362 on airport operation and maintenance.

Note: This figure does not include personnel of air traffic control and other en route common user services set up to serve both military and civil flying.

SEWER AND WATER PIPES UNDER CANALS—FEDERAL GRANTS

Question No. 288—**Mr. Dupuis:**

1. Has the federal government made any grants toward assisting municipalities in the construction cost of sewers, intake of water, etc., passing under the canals of the Department of Transport or any other department?
2. If so, in what localities, under what circumstances and for what amount in each case?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1 and 2. In 1907 the department of railways and canals (now transport) granted an amount of $8,000 to the city of St. Johns, Que., for the construction of a water intake from the Richelieu river immediately below lock No. 9 which was located under and across the Chambly canal. The total cost of this project was $25,000.

POST OFFICE BUILDING AND SITE, WINDSOR, N.S.

Question No. 327—**Mr. Regier:**

1. How much money was spent in each of the past five years on (a) the post office building in Windsor, Nova Scotia; (b) land and otherwise for the proposed new post office building?
2. Were any lots or houses purchased adjacent to the existing building?
3. If so, from whom were purchases made, and for what amount, in each case?
4. What were the assessed values of such buildings and lots?
5. For what specific purpose were each of the expenditures referred to in question 1?

Answer by: **Hon. D. J. Walker (Minister of Public Works):**

1. (a) 1955-56, $14,188.34; 1956-57, $6,359.51; 1957-58, $9,412.80; 1958-59, $7,043.66; 1959-60, $5,028.55.

(b) $21,750 land and buildings.

2. Yes.

3. R. W. Newcombe, $9,750 (land and building); T. B. Sheehy, $12,000 (land and building).

4. Newcombe property, $4,900; Sheehy property, $6,750. Assessed value indicated at 50 per cent of the current market value.

5. (a) For maintenance and operation of post office building; to February 29, 1960:

(See page 3035)

WHARF SITE, YARMOUTH, N.S.

Question No. 331—**Mr. Bourget:**

1. Since June, 1957, has the government acquired land in Yarmouth, Nova Scotia, as a site for a public wharf?
2. If so, when was the land acquired, from whom and at what price?
3. If not, is it the intention of the government to acquire a property as a site for a public wharf?

Answer by: **Hon. D. J. Walker (Minister of Public Works):**

1 and 2. Treasury board has approved acquisition of the William Law and Company property for a public wharf site at a cost of $53,000. It is expected payment and transfer of title will be effected within a few days.

3. Answered by No. 1 and 2.

Questions

Parts 1, 2, 3 and 4—44 Airports as follows:

Location of Airports	Total Revenue		* Revenue from Commercial Airlines		Operation and Maintenance Expenses	
	1957/58	1958/59	1957/58	1958/59	1957/58	1958/59
Gander, Nfld.	2,185,254	2,337,890	1,826,637	1,727,853	2,339,223	2,301,005
St. John's, Nfld.	9,002	12,880	4,292	5,619	34,087	46,872
(1) Stephenville, Nfld.	—	—	—	—	303	3,768
Charlottetown, P.E.I.	13,731	15,170	9,632	10,838	49,825	58,488
Sydney, N.S.	135,285	152,792	114,823	121,262	189,596	205,158
Yarmouth, N.S.	15,122	17,772	13,247	13,435	63,389	62,368
(2) Fredericton, N.B.	—	—	—	—	—	—
Moncton, N.B.	126,072	124,977	98,561	98,343	265,982	334,512
Mont Joli, P.Q.	134,208	44,049	109,709	18,923	219,957	206,503
Montreal, P.Q.	1,400,461	1,984,923	911,162	1,230,200	1,142,145	1,315,813
Quebec, P.Q.	116,425	154,410	75,467	107,836	197,140	288,543
(3) Saguenay (Bagotville), P.Q.	—	—	—	—	—	—
Sept Iles, P.Q.	63,159	64,685	38,615	36,135	185,017	205,882
Earlton, Ont.	7,033	8,599	3,548	6,568	11,379	13,919
Kapuskasing, Ont.	15,872	18,134	10,635	13,655	68,235	74,146
Lakehead, Ont.	79,884	76,992	41,118	38,318	131,978	147,587
London, Ont.	35,261	55,403	28,230	46,235	128,328	139,724
North Bay, Ont.	16,414	26,392	12,781	21,384	222,792	238,935
Ottawa, Ont.	155,839	216,349	107,649	139,426	277,572	316,756
Toronto, Ont.	1,115,445	1,359,369	540,886	641,272	657,619	824,038
Windsor, Ont.	72,343	106,051	38,267	58,944	180,239	227,934
Churchill Man.	1,733	1,559	—	—	—	—
The Pas, Man.	18,939	17,775	11,036	8,207	45,479	81,731
Winnipeg, Man.	363,457	483,206	261,889	332,257	374,772	430,571
North Battleford, Sask.	8,212	9,228	4,854	6,062	18,177	25,416
Saskatoon, Sask.	60,033	86,979	48,687	60,463	208,646	246,241
Swift Current, Sask.	7,809	6,049	4,075	2,541	49,501	31,975
Yorkton, Sask.	6,941	10,542	5,189	6,646	32,830	26,951
Grande Prairie, Alta.	25,276	33,675	14,547	18,530	117,321	113,411
Lethbridge, Alta.	24,277	23,979	15,557	18,074	102,200	88,946
Fort Smith, N.W.T.	17,638	20,421	10,832	11,901	116,798	124,436
Frobisher Bay, N.W.T.	75,182	392,259	38,720	166,318	378,646	1,157,988
Norman Wells, N.W.T.	7,780	12,299	4,333	7,946	56,270	64,487
Watson Lake, Y.T.	16,736	24,137	3,540	4,112	248,204	242,831
Whitehorse, Y.T.	4,542	27,757	1,790	10,383	10,965	180,031
(4) Abbotsford, B.C.	—	10,055	—	2,037	—	50,863
(5) Comox, B.C.	1,180	1,991	971	1,833	1,632	133
Fort St. John, B.C.	45,904	54,343	15,551	17,345	198,194	211,606
(6) Fort Nelson, B.C.	—	30,831	—	7,243	—	290,658
Port Hardy, B.C.	40,720	54,665	15,198	17,641	209,457	234,035
Prince George, B.C.	40,479	53,908	15,296	22,336	161,122	148,875
Sandspit, B.C.	13,819	18,725	7,035	10,870	86,549	94,087
(7) Tofino, B.C.	—	8,147	—	1,605	6,106	58,582
Victoria, B.C.	79,727	99,850	50,872	62,190	180,745	186,742
TOTAL	6,557,194	8,259,217	4,515,231	5,132,786	8,968,420	11,102,547

(1) Stephenville airport is operated by U.S.A. other than the terminal building which is owned by the Department of Transport and operated on its behalf by Trans-Canada Air Lines.

(2) Fredericton airport was operated by the municipality until November 1, 1959 at which time it was taken over by the Department of Transport.

(3) Saguenay airport was operated by R.C.A.F. in 1957/58 and 1958/59.

(4) Abbotsford airport was transferred from R.C.A.F. to Department of Transport April 1, 1958.

(5) Comox airport is operated by R.C.A.F. other than the terminal building which is operated by Department of Transport.

(6) Fort Nelson airport was operated by R.C.A.F. until July 1, 1958 at which time it was taken over by Department of Transport.

(7) Tofino airport was operated by R.C.A.F. until June 10, 1958 at which time it was taken over by Department of Transport.

* The revenue from commercial air lines was quite readily obtained from financial statements for the 14 major airports but in the case of the other 30, complete detailed information was not available in Ottawa. Complete information could be obtained from the regional offices but that would take a considerable length of time. It is considered that the figures quoted are 95 per cent correct.

Questions

5 (a)

——	1955–56	1956–57	1957–58	1958–59	1959–60
	$	$	$	$	$
Salaries and wages	2,668.86	2,475.29	3,003.85	3,117.55	2,840.74
Professional and special services	—	30.00	—	30.00	330.00
Freight, cartage	—	—	—	1.15	2.10
Materials and supplies	1,371.20	1,486.47	1,411.52	1,361.26	1,165.34
Repairs and upkeep	8,588.61	635.30	3,259.94	535.97	4.64
Acquisition of equipment	7.50	18.14	30.65	94.38	43.25
Repairs to equipment	1.00	12.15	.95	1.35	—
Light and power	1,551.17	1,702.16	1,705.89	1,902.00	642.40
Unemployment insurance	—	—	—	—	.08
TOTAL	14,188.34	6,359.51	9,412.80	7,043.66	5,028.55

(b) In order to provide for improved accommodation for federal services and adequate trucking facilities.

HOUSE OF COMMONS

Friday, April 8, 1960

The house met at 11 a.m.

INDIAN AFFAIRS

WELFARE BENEFITS TO WOMEN RETURNING TO RESERVES—EXTENSION OF PROVINCIAL WELFARE SERVICES

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I should like to take this opportunity of announcing two policy decisions concerning the administration of Indian affairs.

The first concerns women of Indian origin who have lost their Indian status through enfranchisement or marriage, and who have no alternative but to return to friends and relatives on the reserves for various reasons such as the death of their husbands or serious illness in the family.

Up to the present there has been no satisfactory means whereby essential welfare and educational help could be provided to these women and their children. It has been decided, therefore, on humanitarian grounds that educational and welfare assistance shall be granted to these people on reserves in the same manner and to the same extent as though they had Indian status.

Second, I wish to announce that the federal government is prepared to negotiate agreements with the governments of the various provinces for the extension of normal provincial welfare services to persons residing on Indian reserves. The purpose is to avoid the development of exclusive welfare services on reserves which would tend to set Indians apart from other Canadians and duplicate provincial programs in adjacent non-Indian communities.

In negotiating these agreements the federal government is prepared to pay a reasonable share of the costs of the benefits, over and above the federal contribution under existing federal-provincial agreements, such as the Unemployment Assistance Act; and to share with the provinces reasonable costs of additional staff and administration required for the application of such programs. Moreover, my department will be prepared to enter into agreements to enable Indian bands to assume responsibilities for welfare programs normally administered by municipalities under provincial legislation.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to congratulate the hon. lady on both these announcements. I think they are both very progressive steps indeed.

Mr. Frank Howard (Skeena): We also appreciate the announcements made by the minister with respect to these two matters, which are exceptionally good ones. We hope additional steps will be taken later on in order to deal with other similar problems.

BUSINESS OF THE HOUSE

HOURS OF SITTING ON WEDNESDAY, APRIL 13

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in that spirit of agreement which has been revealed here may I suggest an amendment to the motion standing in my name on the order paper. I make the suggestion with regard to the amendment on the basis of standing order 58, subsection 6, which reads as follows:

> On the eighth of the said days, at fifteen minutes before the ordinary time of daily adjournment or, when the eighth day is a Friday, at 4.45 o'clock p.m., unless the debate be previously concluded, Mr. Speaker shall interrupt the proceedings and forthwith put the question on the main motion—

In order to cover that situation I would ask—and I hope the house will agree—an amendment by adding these words after "3.30 p.m." in the motion:

> —which shall be deemed to be the ordinary time of adjournment that day within the meaning of standing order 58.

The motion in my name would then read as follows:

> That, on Wednesday next, April 13, the hours of sitting shall be from 11 a.m. to 1 p.m. and from 2 p.m. to 3.30 p.m., which shall be deemed to be the ordinary time of adjournment that day within the meaning of standing order 58, and that the provisions of standing orders 2 and 6 be suspended in relation thereto.

I so move.

Hon. L. B. Pearson (Leader of the Opposition): I should like to congratulate the Prime Minister on this amendment, which I think is a very progressive one.

Motion as amended agreed to.

UNITED NATIONS

CONFERENCE ON LAW OF THE SEA—CANADIAN PROPOSAL RESPECTING FISHING ZONE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister a question arising out of reports from the Geneva conference on the law of

the sea. The question is this. Has the Canadian government now abandoned its proposal for a 12-mile fishing zone reserved exclusively for the fishermen of the coastal state without recognition of any historic fishing rights?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the hon. gentleman knows, from time to time in order to attain a reasonable measure of agreement without the sacrifice of rights that are regarded as first principles, changes are necessarily made. The conference has been proceeding for some time, and the Canadian government has concluded that it is most desirable without the sacrifice of principles, to attain a measure of agreement which has been attempted for many years.

To that end we have instructed our representative at Geneva to place before the conference a proposition whereby the six miles would be the territorial limit, and six miles beyond that would constitute the area in which each country would have its own fishing rights, except where there has been in the past the use in that area of fishing rights by other countries. In so far as that situation is concerned, all those traditional rights will terminate at the end of 10 years. I think that in effect answers the question of the hon. gentleman.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Prime Minister a supplementary question. Does that mean there will be no change whatsoever for 10 years?

Mr. Diefenbaker: That means that in effect Canada's position previously was one of accepting the principle that the period should be five years. An extra five years has been added in order to assure that we shall be able to attain something, which otherwise could not be done, for the benefit of generations to come.

Mr. Pickersgill: I am just asking for information. The Prime Minister said our previous position was five years. My recollection is that when the Secretary of State for External Affairs made the announcement in the house there was no such stipulation whatsoever. Was not the position originally taken that we would negotiate bilaterally with respect to certain of those historic rights?

Mr. Diefenbaker: Yes; there would still remain, of course, the bilateral negotiations to which the hon. gentleman refers.

[Mr. Pearson.]

IMMIGRATION

IRENE REBRIN—REQUEST FOR DISCLOSURE OF REASONS FOR DEPORTATION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in view of the human approach taken by the Minister of Citizenship and Immigration on another problem this morning, I should like to address this question to her.

In view of the statement by Miss Irene Rebrin in a Vancouver hospital yesterday that she cannot think of any possible reason for the government's refusal to let her remain in Canada; and in view of her statement, "What country would take me now with this stigma over me?", and in view of her expressed wish that the immigration department should make public the reasons for their denial of her right to remain in Canada, in justice and in fairness to Miss Irene Rebrin will the minister make public the reasons for her deportation?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I have not seen the statement, but it is my impression that I gave an explanation yesterday.

Mr. Herridge: A supplementary question. Are war criminals accepted as immigrants in Canada?

Mrs. Fairclough: That is scarcely germane.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the hon. lady a supplementary question about this matter. Has she offered, on behalf of the government, to pay the transportation costs of the voluntary departure of this person to any other country where she is willing to go?

Mrs. Fairclough: Mr. Speaker, I am unable to say whether there was any formal offer. I think the question was asked of us in regard to the departure, whether if there was a formal offer to depart voluntarily the government would assure the cost of such departure, but I cannot say what was the outcome of that discussion.

Mr. Pickersgill: Will the hon. lady make inquiries and let the house know whether any such offer was made and, if so, on what basis?

Mrs. Fairclough: I shall be glad to do that.

AGRICULTURE

SUGAR BEETS—FIXING OF SUPPORT PRICE

On the orders of the day:

Hon. Paul Martin (Essex East): May I direct a question to the Minister of Agriculture. Can the minister say whether, in fixing the support price for sugar beets this year, consideration will be given by him and by the stabilization board to the loss suffered by farmers growing sugar beets in western Ontario as a result of the decision this week by the arbitrator pursuant to the contract between the Dominion Sugar Company of Chatham, Ontario, and the sugar beet growers?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, in setting a support price for any commodity consideration is given to all relevant matters. Full weight is given to them before a final decision is arrived at as to what the support price will be.

REPORTED REJECTION OF REQUEST OF WESTERN FARMERS FOR MEETING

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister arising out of a press report that the Prime Minister has rejected the request of western farm leaders for a meeting. Can the Prime Minister say why he has refused to see the western farm leaders, and whether an appointment has been made for some later date?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have not seen the press reference, but there was no rejection. There was simply a communication by me to the secretary of the liaison committee representing the 10 farm groups asking him to place before the government in writing their agreed alternative to deficiency payments. After those representations have been made and studied the question of whether there should be a meeting with the western liaison group will be determined. The only matter that was brought to the attention of the secretary was the fact that the government wanted to know the alternative which these western organizations had in mind, and the only denial of a meeting was that a meeting could not be arranged before the Easter recess.

Mr. Argue: May I ask a further question to elicit additional information. Is the alternative plan that the Prime Minister requested the delegation to submit to him in addition to the alternative plan they presented to the government at the last meeting?

Inquiries of the Ministry

Mr. Diefenbaker: Mr. Speaker, I cannot enter into an argument during the course of the orders of the day, but may I say that any representations made in the past constituted not an alternative but a series of alternatives.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I could ask the Minister of Finance a question supplementary to that asked by the hon. member for Assiniboia. Is the government at the present time considering any payment to the western farmers which would upset the balance of ways and means that the minister put before us in his budget speech?

Mr. Argue: What a question.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I think no one will recognize the impropriety of that question more readily than the hon. gentleman who asked it. The budget introduced last week was naturally introduced with the full support and concurrence of the government. It is the government budget.

Mr. Pickersgill: Mr. Speaker, on the point of order raised by the minister, I recognize no impropriety in asking whether the government is considering a policy, and I repeat my question to the minister. Is the government giving consideration to doing anything for the western farmers?

Mr. Fleming (Eglinton): That is asking me just about the same question that was asked of the Prime Minister a minute ago. Is it the tactic of hon. gentlemen opposite to go down the treasury benches and ask every minister the same question? With great respect, I say this is not the proper way to ask questions on the orders of the day.

Mr. Martin (Essex East): May I ask a further question—

Mr. Speaker: Order. If I may deal with the objection that has been taken to the question, it seems to me that the question does involve a straight decision of policy, and the hon. member could hardly expect it to be declared in answer to a question at this time, particularly in view of what has already been said on the subject. The hon. member for Essex East.

Hon. Paul Martin (Essex East): Mr. Speaker, I was going to ask a supplementary question of the Minister of Finance, but in view of your observation possibly I could ask the Prime Minister whether he is not aware that on March 4 the Minister of Northern Affairs and National Resources suggested to the farmers of western Canada

that if they had any alternative plan, such as acreage payments, they should lay it before the government.

Mr. Speaker: Order. The hon. member's question is one of those argumentative questions that get us into difficulties if pursued, and I would ask him to reserve it for debate.

ADMINISTRATION OF JUSTICE

JOHN MORRISON—ANNOUNCEMENT OF PAROLE

On the orders of the day:

Mr. R. S. MacLellan (Inverness-Richmond): Mr. Speaker, I should like to address a question to the Minister of Justice. Would the minister advise the house whether Mr. John Morrison, who was recently removed from Hamilton to Sydney, is now free to return to Hamilton?

Hon. E. D. Fulton (Minister of Justice): Yes, Mr. Speaker; Mr. Morrison was paroled last night. Information I received this morning indicates that this fact was communicated to the authorities in Nova Scotia by telegram last night, and the certificate of parole is being forwarded to Hamilton where Mr. Morrison was employed and to which place he wishes to return.

I am advised also that there was a suggestion that a warrant would be issued on an outstanding charge for an offence against the Nova Scotia liquor act. My information is that this matter was referred to the attorney general of Nova Scotia, and he gave instructions that the warrant should not be issued. According to the latest information I have, therefore, Mr. Morrison, on payment of the fine for the previous conviction, will be free to return to Hamilton and resume his employment.

Perhaps the house would permit me to observe, Mr. Speaker, just to avoid a misunderstanding, that those matters upon which Mr. Morrison was taken down to Nova Scotia were not outstanding charges but outstanding convictions. When the matter was drawn to our attention it seemed about the only thing that could be done, inasmuch as the convictions had been recorded, was not to interfere with them in so far as they were sentences, but if he paid the fine, immediately to follow the sensible course of paroling the prison sentence, and that has been done.

FINANCE

EFFECT OF FEDERAL MONEY POLICIES ON ATLANTIC REGION—FEDERAL CONSULTATION RESPECTING ROYAL COMMISSION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Minister of Finance, in view of the jurisdiction given to the parliament of Canada by subsections 14, 15, 19 and 20 of section 91 of the British North America Act, whether he was consulted by the premiers of Nova Scotia and New Brunswick before the governments of those provinces made an approach to Sir Oliver Franks to head a royal commission to investigate the effect of federal monetary policies in the Atlantic region.

Hon. Donald M. Fleming (Minister of Finance): It depends upon what the hon. gentleman means by "approach". I was not aware, until he made the announcement just now, that an approach had been made to Sir Oliver Franks.

Some hon. Members: Read the newspapers.

Mr. Fleming (Eglinton): It is sometimes more interesting to listen to these announcements in the form of questions asked by hon. gentlemen opposite on the orders of the day.

I had been made aware by the premier of one of the maritime provinces that he and the premiers of one or more of the provinces in the Atlantic area were considering inviting someone from the United Kingdom to advise them in regard to such questions. The precise form of the organization, whether royal commission or otherwise, was not clearly indicated at the time.

Hon. Paul Martin (Essex East): May I ask a supplementary question. Would the Minister of Finance agree that it is desirable that such a royal commission if established, if that is the proposal, should be composed of outsiders, without consulting the government of Canada, considering that monetary policy comes under the jurisdiction of the federal government?

Mr. Fleming (Eglinton): Mr. Speaker, no decision with reference to any matter that falls under federal jurisdiction in this country is going to be taken except by the federal government and the federal parliament. Let me make that quite clear. If other jurisdictions wish to engage in studies of questions they think are of interest to them, I do not think it is a function of the federal government to tell them they may not do so. We respect the rights of other jurisdictions, and that has been axiomatic with this government. It is our policy to proceed, where decisions are to be taken that will have legal effect, so they will be taken by the body holding the constitutional power in that regard.

[*Later:*]

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I would like to ask a question supplementary to the ones asked of the Minister of Finance, and it is this. Which of the

premiers made him aware of the fact that the Atlantic premiers were considering this whole matter?

Mr. Fleming (Eglinton): Premier Flemming of New Brunswick.

NATIONAL DEFENCE

INQUIRY AS TO TABLING OF WHITE PAPER ON POLICY

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Minister of National Defence whether, in accordance with the practice followed in the last session, he proposes to issue a white paper on defence before the discussion begins on his estimates?

Hon. G. R. Pearkes (Minister of National Defence): There will not be a white paper to the same extent as the one which was issued last year, because the main principles as they were enunciated in that paper still apply. However, we will get information to the committee in advance of its meeting in order to indicate changes that may be made.

DEFENCE PRODUCTION

A. V. ROE COMPANY—INQUIRY AS TO PRODUCTION OF AUTO CAR

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I would like to ask the Minister of Defence Production whether he can give us anything concrete about all the speculation now going on with regard to the Avro auto car and the money the government is giving this company.

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, as far as the Avro car is concerned, hon. members will realize that work on this car has been going on by way of development since 1952. At first help was given by the Canadian government and then by the United States government. At the present time negotiations are going on between Canada and the United States with regard to the research and production sharing program, but no contract has been signed to this day.

Mr. Fisher: A supplementary question. Is the vehicle designed for defence purposes or is it for civilian use?

Mr. O'Hurley: Both, Mr. Speaker.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR ACTION ON CURRENT SITUATION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I would like to ask the

Minister of Labour, now he has told the house that the number of unplaced applicants at national employment service offices has practically reached the level of March, 1958, whether he would tell us what measures the government proposes to take to meet this emergency?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, what the hon. member has just stated to the house is not true.

Mr. Pickersgill: Mr. Speaker, on a question of privilege, the minister told this house yesterday that the number of unplaced applicants was about 832,000. He has told us on previous occasions that fishermen are deducted to reach this number, and if he will take the trouble to look at the statistics he gave us two years ago he will find that my statement is accurate. Therefore I repeat my question. What is the government going to do about it?

Mr. Speaker: Order. There seem to be differences raised by this question and answer which cannot be resolved on orders of the day, so I suggest that it is improper to pursue the matter.

BUSINESS OF THE HOUSE

BILL OF RIGHTS—INQUIRY AS TO REFERENCE TO COMMITTEE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Prime Minister whether it is the intention of the government to submit the proposed bill of rights, which is on the order paper, to a committee of this house, where submissions can be made and evidence heard?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I thought I dealt with that question on a previous occasion. My recollection is that I said the matter would naturally be considered by a committee of this house, and I am unchanged in that view.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, April 7, consideration of the motion of Mr. Fleming (Eglinton) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Regier.

(Translation):

Mr. J. N. Tremblay (Roberval): Mr. Speaker, it gives me pleasure to add my own congratulations to those already extended the Minister of Finance (Mr. Fleming) for

the budget he recently brought before the house. His budget confirms almost to the letter the optimistic forecasts he had made last year, and neatly debunks the claims of the opposition. It raises the highest hopes for Canada's economic future. I hope that free newspapers and responsible newspapermen will use it to dispel the feelings of panic which unfair opponents have been trying to sow among the people in the past few months.

May I, now, Mr. Speaker, come back to a subject that is close to my heart? I refer to the C.B.C. This subject does fit into the budget debate, because the problem of the C.B.C., I think, is now one of the most important in view of the very purposes of the C.B.C. and of the troubles affecting that crown corporation, and also because it concerns the public at large and because of all the money being spent by this government agency.

I shall therefore deal with a few aspects of the C.B.C., mostly with regard to the French network. Unfortunately, my analysis will forcibly be incomplete, because the problems involved are of such importance that they would require much more time.

Last year, Mr. Speaker, we tried by every means at our disposal to study the fundamental problems of the C.B.C. in the house committee on broadcasting. That investigation, from which the people had been expecting great results, was quite a disappointment. We barely managed to get from C.B.C. officials a few items of information to satisfy the legitimate curiosity of the citizens, who have to foot the bill for the maintenance and operation of such a costly enterprise.

It would be putting it mildly to say that questions asked by the legal representatives of the people were not adequately answered. Instead, more often than not we were prevented from getting any information. The committee had first of all to reject an attempt by the Liberal party to keep the inquiry strictly within the terms of the new broadcasting act. The hon. member for Bonavista-Twillingate (Mr. Pickersgill), who had made that suggestion, knew very well that if he succeeded in narrowing down the subject matter in this way, he would at the same time avoid many risks for his party.

However, the committee did not accede to the Liberal party's request. But, thanks to a procedural trick, against which I have protested on many occasions, members of the committee had to refrain from entering the personal field, to which I certainly would have no objection if at the same time it had not ruled out every possibility of alluding to people and to facts directly linked with the issues under review.

We thus found ourselves in the strange position of not being able to refer to public facts supposedly because those facts were not purely abstract. We had to be content with indirect questions, dodges and roundabout approaches. The result was a feeling of helplessness and frustration, and the people had the impression that their representatives were unable to do anything and that the investigation was only an artifice design to hoodwink the voters. No wonder, therefore, that the atmosphere was immediately tense and that discussions got nowhere.

Then certain newspapers made matters worse by describing as a witch hunt the sincere efforts being made by hon. members to elicit information. It is interesting to note that the newsman who was the first to sound the bugle in this matter was a C.B.C. minion who, for many years now, thanks to a weekly appearance on television and on a few other programs, has pocketed fabulous fees which, last year in particular, ran into something like $16,625.

It is easy to understand why he should hasten to discredit hon. members who were threatening an industry which was so profitable to him. That personage who, as we may recall, had at one time vigorously defended the cause of public morality, did not choose to follow in the footsteps of those who, on behalf of the people whom they legally represent, try to suppress commercial monopolies which, at the C.B.C., are operating at the expense of taxpayers, try to eliminate extravagant and unnecessary spending, scandalous deficits, shameless patronage, and who attempt, in the name of decency, of the moral code, of good common sense and fundamental values, to bring some order into a public corporation which, according to the very words of the bishops in the province of Quebec, does not care to safeguard "the higher values of faith and morals".

Mr. Speaker, those zealous defenders of the most questionable, if not the most unsavoury aspects of the C.B.C. forget that the legal spokesmen for the people, in trying to get some information on the C.B.C. administration, were only attempting to answer the innumerable complaints and representations from citizens and public bodies in Canada, who were rightly worried about the spirit of the public broadcasting and television system, and by its bad financial management.

The growing uneasiness that has been noted in this respect, blazed into an outright crisis when the new government took over, precisely because all sorts of pressures increased and multiplied as the people saw in the Conservative government a way to lance an abscess which the Liberal party, and for good reasons, had lacked the courage to drain.

It was in that context that the committee on broadcasting was appointed. As I said last year in this house, differences of opinion immediately sprang up. They had their source in different concepts of government responsibility with regard to the C.B.C. If, as I said, this responsibility is restricted to looking solely into the financial aspect of the corporation, the problems can be expressed in figures and bookkeeping devices. In that case, a parliamentary committee has only to inquire into administrative matters in so far as they affect the budget. If, on the contrary, it is felt that the C.B.C. is not a crown corporation like the others, because it does not deal only with material questions, but owing to its vast moral and intellectual content, cannot be treated as a purely financial body, then the parliamentary committee looking into the matter, has the right, without encroaching upon the corporation's inside business, to try and establish a connection between the cost of the corporation to the taxpayers and the quality of its offerings.

Mr. Deschatelets: From the very start of his remarks, the hon. member for Roberval (Mr. Tremblay), has been criticizing the procedure of a committee of the house. If you refer to page 2898 of *Hansard,* dated April 4, 1960, you will find that I also discussed the attitude of a parliamentary committee. I was speaking about the industrial relations committee.

And here is what the Speaker told me, in calling me back to order:

> It seems to me the hon. member is reflecting on a decision of a committee of the house. He is not within his rights in taking a course of that kind.

I suggest, Mr. Speaker, that the hon. member for Roberval should abstain from discussing the decisions taken, or the procedure followed in a committee of the house.

Mr. Deputy Speaker: I am inclined to believe that the decision referred to by the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) is more or less in order, because as far as I can make out, a vote taken in the house cannot be discussed in committee; however, a committee report may be commented on once it has been introduced in the house.

I do not see that the hon. member has in this case discussed a vote or a decision of the committee referred to.

Mr. Caron: Just a word on that matter. I do not believe—I do not have the exact paragraph of the standing orders here, but I think the standing orders do not permit committee matters to be discussed in the house except by permission of the house, and as the matter was not raised, I think the hon. member for Maisonneuve-Rosemont is right.

Mr. Johnson: Mr. Speaker, that rule would apply to a report of a committee sitting during this session. Now, the member for Roberval is referring to a committee report of the previous session.

(Text):

Mr. Fisher: On the point of order, I should like to suggest that the hon. member be given complete leeway to go as far as he wishes in his criticism of the committee, because I firmly believe that the chairman and other members of the committee will be prepared to produce arguments in answer to what is being said. I think this is a contribution to a free and open discussion. If the hon. member is going to show that this committee's operations were of a kind that blocked him, I think he should be allowed to proceed.

(Translation):

Mr. Deputy Speaker: In my opinion, even if the committee report was not approved by the house it remains a final report, and at this time it is in order and in keeping with practice to discuss it, even if the house has not approved it. Unless the hon. member for Hull (Mr. Caron) is able to recall a specific case, I do not think I can maintain the question of order.

Mr. Tremblay: Thank you, Mr. Speaker.

As I was saying, we have the right—and without unduly interfering with the internal business of the C.B.C.—to try to establish some relationship between what the C.B.C. is costing the taxpayers and the quality of what it is offering to them. That is the point of view I had adopted during the inquiry of the committee on broadcasting, and it is in the same spirit I should like to make the following remarks.

The C.B.C. is not a public service, in the same way as are certain other government bodies. Its services are of a moral category, because they have a direct bearing on the souls and minds of our citizens.

Therefore, we cannot, in regard to any C.B.C. activities, use the same criteria we are accustomed to use in the case of activities of an ordinary crown corporation. It is not surprising, therefore, that the members of the parliamentary committee should have tried to go beyond the requirements of an inquiry into purely administrative and financial matters.

For my part, I tried to define the problem in its exact terms, and to establish what must, first of all, constitute the basis of the C.B.C., its purposes, its principles, its methods, its means and the pertinent facts connected with what I have just outlined. I distinctly remember the wry faces of some C.B.C. pundits when we asked them what the C.B.C. should be, and about its responsibilities in the intellectual and moral field.

Their answer was that the C.B.C. was trying to provide wholesome and entertaining programs. That was a very neat way of begging the question.

Yet, in putting those questions, the members were trying to echo the representations made by the public. They were asking, on behalf of others, the essential questions. They were making their own the opinions, criticisms and protests of the people whom it is their duty to represent. I do not think we can decently challenge the validity of such representations on the part of the people. They are the democratic expression of a right, based on democratic principles and on the normal exercise of democratic privileges. Those who think that the legitimate representatives of the people have nothing to do with the claims of those who have elected them and who, through their taxes, are paying for the administration of the C.B.C., show utter contempt for democracy, in whose name they are none the less pursuing all their destructive campaigns.

I think Mr. Speaker, that we have a right to examine all the facts pertaining to the administration of the C.B.C. We have such a right because the people have recognized it in appointing us to represent them and to defend their interests in this house. We would be derelict in our duty if we evaded such a difficult and thankless task. We have a right to inquire into the cost of the C.B.C., because it is the people who are paying and because we are the official representatives of the people.

We also have a right to look into the ethics of the C.B.C., in order to assess the value of its program policies, and find out whether the C.B.C. is carrying out the purposes for which it was set up, and whether its activities are truly in line with the needs of the human community it is designed to serve.

I think some people fail to realize the importance of these basic problems, and tend to minimize the role of the people's representatives.

We are a legitimate government and as such, the trustees of the public welfare. We have the rights that correspond to that tremendous responsibility. There is an essential democratic principle involved here.

I have had occasions in the past to commend the C.B.C. in this house. I then had in mind certain high quality productions which deserve the highest praise. That is no reason why I should not criticize its other productions, whether of medium or of poor quality, and to judge them severely in view of what the taxpayer has to pay.

I recognize that, in this field as in others, no one can be perfect. Still, there are certain mistakes that should never be made, when the people are footing the bill. There are basic rules of caution which must be observed so as to keep to a minimum the risks involved in necessary experiments. To quote just one example, take the case of the broadcasting of the production: "La plus Belle de Céans". It cost the taxpayers $84,000. No one has ever denied it was a failure. A failure which was due, in the very words of Mr. Marcel Ouimet, to a "slackening of the usual supervisory machinery", which in plain English, means a lack of elementary supervision and precautions. Apart from its cost, it was a major blunder, considering the circumstances. Could anyone be surprised, therefore, that protests poured in after the broadcast, that an investigation was demanded, and that it was even urged that those responsible be fired for such a gross mistake, if we can so describe it, in view of the circumstances, the context and the atmosphere surrounding the event? Hardly anyone could be found, except the author of "La Vertu des Chattes" (The tabby-cat's virtue) to shield the responsible parties. Then finally a C.B.C. representative, Mr. Gerard Lamarche, summed up the situation by saying that if the C.B.C. sometimes blunders, it never does so deliberately.

Now, Mr. Speaker, you know why roses are red and violets are blue. This is the very height of justification. As if it were

conceivable, in a field like the C.B.C. that people might goof with intent. I can't make head or tail of it, although I can see that the C.B.C., unaccustomed as it is to account for its deeds and misdeeds, has not yet hit upon the standard phrases and blanket alibis.

But reverting to my subject, I maintain that we were entitled, without underestimating the importance of the work done by the C.B.C., nor attempting to whittle down its public prestige or to discredit anyone, we were entitled, as I say, to have the C.B.C. account for itself. All the more so because the deficits piled up by the C.B.C. are forcing us to seek new funds from the taxpayers. I therefore feel no embarrassment in availing myself of representations made by the people to direct questions to the C.B.C. on its general policy, on its plans, on the philosophy behind its information activities, its recreational programs and on what it describes as its educational broadcasts, because I have received such representations from known public bodies, educational institutions, associations, religious societies, and individuals in all walks of life, all of whom are justly alarmed at the philosophy apparently prevailing in the C.B.C., which disregards the traditional and historical values of the Canadian community.

I do not think I am wrong in following up, in that matter, the directives of the bishops of the civil province of Quebec, who voiced serious and significant protests about the French network. My reason for speaking today is to give expression once again to all those representations, and to those which were made last summer by a group of citizens who met in Montreal to discuss the problems of our government radio and television systems.

May I take this opportunity to express astonishment at the fact that our friends of the Liberal party did not deem it necessary to file a strong protest against the program I mentioned a while ago, and at the fact that they did not comment on the episcopal collective letter. Their only steps were those in defence of the three gentlemen of the English network who took it into their heads one day, in order to protect their meagre fees, to stir up a war against what they called political interference, which, in any case, they could never prove. Nothing else mattered, no, neither the philosophy of the C.B.C., the intellectual as well as the moral dangers of some programs nor the slant of its information. All of a sudden, Messrs. Peers, Gillis and Trotter of Toronto were the C.B.C., with a Montreal branch run by Laurendeau and Gagnon. Let us recognize, Mr. Speaker, that we ran a great risk in that case, and that Canada as a whole was never closer to a catastrophe. The point was this: those men were resigning because they were no longer allowed their daily gravy, so miserably earned by their few minutes of commentaries every morning. Without that breeze from Toronto each morning, the nation would wither away. An executive's weakness removed the threat, the program was resumed and Messrs. Gagnon and Laurendeau did not have to resign and actually were saved from an embarrassing financial flop.

The moral of this story is that the government has no right to raise its voice in criticism, be it a shadow of criticism. The people's representatives have no right to complain about the huge costs of the C.B.C., they have no right to say that programs of questionable quality are costing huge amounts; even less are they allowed to think that slanted information is a bad thing. No, this is all political interference. The result is that we accept the existence of a state within the state, and that our sole recognized right is the right to vote money to a corporation without knowing exactly what use is being made of it.

Mr. Speaker, I say that the rights and privileges of the C.B.C. are those which are granted and recognized by parliament, that this parliament has the right to demand an accounting and that the members of parliament have the right, like other citizens, and on behalf of the citizens they represent, to complain about the C.B.C. Otherwise we are allowing the establishment of feudal benefice, of game preserves, which sooner or later become a burden upon the state and a threat to its security. The Canada Council, if you allow me to say so, is becoming that type of mighty organization which disclaims any responsibility towards parliament.

Mr. Pigeon: That is true.

Mr. Tremblay: I believe, Mr. Speaker, that if we allow the setting up of such organizations, we are endangering the rights of parliament and democratic privileges. The people of Canada are forced to accept institutions which they are called upon to maintain and provide for, but which do not accept corresponding obligations towards the people.

Those are the views I put forward last year in the committee on broadcasting. I have tried to uphold the principles of a responsible government. Moreover, I feel this is the purpose for which the committees of the house are set up, so that from time to time the members may have the opportunity to

analyse in detail the administration they entrust to officials. Thus, the members in turn are in a position to account to the public, to explain the machinery of administration and to justify the expenditures so incurred.

I repeat that the committee on broadcasting could not perform its duties. It has been more or less a smokescreen, because it did not have the means to get the necessary information. The discussions were hampered with all kinds of technicalities of procedure. I do not hesitate to say also that the French speaking members did not have the opportunity to go into a full and detailed study of the French network administration.

Therefore, I regret that this committee has not been re-established sooner. Needless to say that what has been announced in that regard—that is, that we would be studying instead the problems of private stations—could not satisfy those who believe that before judging private enterprise and setting up rules and regulations for it, we should first settle the affairs of the government owned corporation.

I feel that the public radio network is costing the taxpayers enough money to justify us in trying, first of all, to clarify the situation there. If we can manage to restore to it an inspiration and a policy in conformity with its objectives and aims, then we shall be able to hold it as an example and use it as a model, for who can claim that it has really improved?

The complaints made by the public last year still stand. We might even say that the C.B.C. has tightened certain policies and seems to challenge public opinion. Mr. Alphonse Ouimet, its president, took the lead when he announced certain changes—changes of form at the most, aimed at fooling the public—in the management of the corporation.

In an interview with Mr. Claude Paulette, on October 1, 1959, during the T.V. news program at 11 o'clock at night, he did not hesitate to say that the recommendations of the committee on broadcasting had nothing to do with the changes he was announcing.

With your permission, Mr. Speaker, I should like to quote what was said during that interview which is really, as will be seen, a masterpiece of insolence:

Mr. Paulette: Do you think that the changes which you have just made at the higher level of administration of the C.B.C. will meet the recommendations of the parliamentary committee on broadcasting?

Mr. Ouimet: I think the committee was not specific, except on one point. The committee recommended the appointment of a senior officer responsible for all programming across the country and also for the control of the costs of programs. The board of directors and the management of the C.B.C. do not believe it is possible to place such a responsibility upon one man alone because we have 90,000 programs a year, both French and English, national programs and regional programs. What we did, therefore, was to divide this responsibility between three general directors, each responsible for one sector of our programs.

Mr. Paulette: Could it be said that the changes you made were entirely due to the recommendations of the committee on broadcasting?

Mr. Ouimet: In fact, that organization was planned at least two years ago. The idea was to reduce the number of senior officers directly under the authority of the general manager at that time, or the president now.

Mr. Paulette: Does that reorganization mean that your programming policy is going to change?

Mr. Ouimet: Not at all. Organization is one thing and the programming policy is another, altogether different thing.

Mr. Paulette: Can other changes be expected at the lower levels of the C.B.C.?

Mr. Ouimet: I could not tell you, for the whole C.B.C. organization is under consideration at the moment, and I do not know whether other improvements can be introduced outside the head office. Of course, if any become apparent they will be introduced if necessary.

[Mr. Tremblay.]

It was quite a blow. The patient had really recovered; he had all the strength needed to jeer at the minister responsible for the C.B.C., at the government and at members of parliament.

This explains why known commentators were brought back so quickly, why our institutions were again the target of attacks, why anyone could say anything on the government owned radio or television network as long as his words bore the stamp of that spirit of anarchy that has been denounced on many occasions in certain circles.

There still prevails in the C.B.C. this amoral atmosphere consisting of a complete disregard of principles inspired by Catholic and Christian ethics; as in the case of the frequently harmful movies that are shown without any consideration for the education of the public for which they are intended, and for its ability to make necessary reservations. Still scheduled are certain T.V. serials that are an outrageous caricature of the life, morals and languages of French Canadians; others that are downright stupid, or padded versions of writings of merit, but now made devoid of all sense and significance. The odious program "Music Hall" is still running, as is the inept program "Coq à l'âne" and the unqualifiable "En première", where nothing but insipid scripts have been offered, most of them reflecting a sense of morbidity already too much in honour in the C.B.C. There are many other programs quite as questionable;

entertaining programs, would say Mr. Marcel Ouimet, but which promote a taste for the nonsensical and trifling, when they do not simply undermine authority, or principles and values worthy of the highest respect.

Mr. Deschatelets: Mr. Rumilly will like this.

Mr. Tremblay: And those gentlemen, last year, at the time of the strike, labelled this "French culture". I am all for culture, as long as it means the elimination of American-inspired programs, nonsense of all kinds, caricatures of our language, programs of questionable moral quality, and those young people's programs that prompt our young people to break free from parental authority as soon as possible and to seek entertainment outside the home. What will be left, after all that? Surely there are some excellent programs, but on the whole unfortunately, there are too few.

I shall have the opportunity, Mr. Speaker, to come back to the specific matter of programs. I shall then be able to specify the general criticisms I have just made, because it is not my intention to cast reflection on those C.B.C. officials who are doing remarkable work with a scrupulous conscientiousness and in a spirit steeped in the best cultural traditions.

What I denounce is everything that is done under the sign of improvisation, of amateurism and incompetence, not to mention the motives of profit and commercialism that mark the activity of certain stars and of certain producers.

There is also inefficiency at the top. The accumulated and repeated deficits of the C.B.C. had already shown it up on another plane. The C.B.C. programs are still more eloquent in this respect.

That is why I advocate early and drastic reforms in the whole structure of the crown corporation, providing:

1. That a crown minister be directly responsible for that public body as well as for the national film board, and other cultural government bodies;

2. That a deputy minister be especially appointed to serve as a liaison officer between the minister and the corporation;

3. That an advisory committee be set up, composed of prominent personalities in the religious, educational, social, artistic, cultural and economic fields; which advisory committee would have to make a complete study of the corporation's program policy and, when needed, act as a board of censorship;

4. That competitions be organized for the recruiting of performers of all kinds, in co-operation with the conservatory of music and drama of the province, schools of fine arts and the various artistic and cultural bodies of the province of Quebec;

5. That competitions be organized for the selection of radio and television scripts, and that a jury, recruited among personalities of the literary and artistic world, be appointed to judge those scripts, in co-operation with the C.B.C. producers;

6. That the annual budget of the C.B.C. be included in the estimates of government expenditures and thus be open to criticism by the taxpayers' legitimate representatives.

Those suggestions do not prevent me from hoping that, in the near future, the setting up of a provincial radio network may look after purely educational programs, in order to put an end to that further federal interference in provincial affairs, through the medium of the C.B.C.

Those suggestions, Mr. Speaker, could serve as a basis for reorganizing the C.B.C. I claim that they are the last word in the matter. However, I do think they deal with some of the most important aspects of the general problem. I realize there are difficulties involved; they will certainly be interpreted as an attempt to make the C.B.C. subservient to politics. I do not think that is the case, and such is not my intention; in any case, they would have the advantage of making plain civil servants out of the regular employees of the C.B.C.—in this I do not include performers and writers—and would allow the government to exercise closer control over the corporation's finances. Such a reorganization would in no way impede the C.B.C.'s really cultured and artistic activity. It would however guarantee a better control over a government organization which, under the guise of freedom of speech or of thought, must not be left to the whims or will of coteries which strive to thrust their views, feelings, ideas or prejudices upon the people. Instead of being some kind of a state within the state, the C.B.C. would become again what it should be, an organization representative of our environment and reflecting its philosophy, its principles, its social, religious, political, artistic and cultural life, its aspirations, its concerns and various trends of thought.

(Text):

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, in order to appreciate the full significance of this year's budget I thought it might be useful to study a few flashbacks of the important events which have not only challenged Canada's strength and ingenuity in the past but which indicate clearly the magnitude of the problems that Canadians of this generation will have to face. Everyone will agree, I believe, that since confederation tremendous economic, social and political changes have taken place within the boundaries of our country which are indicative of and comparable with similar changes in the world as a whole. The extremely rapid pace with which these changes have been made in our country and in the world is to my mind of particular significance, and should be foremost in our thinking with respect to what is to happen in the remaining 40 years of this century.

Since the turn of the century the pace of our economic and social evolution has accelerated, and has gained a momentum which in many respects is causing justified anxiety. The tempo of life is quickening and the concept of values has changed. Materialism in all levels of society, particularly on the North American continent, has reached the point of being the accepted criterion of economic, social and even political consideration. So far as transportation is concerned, the world has shrunk so that now we are but a few hours away from the farthest geographical point, and we are even engaged in conquering outer space. Economic and military isolationism is now unrealistic. Absolute sovereignty in now sacrificed for economic and national security. The concept of international trade has so evolved that it is causing us serious trade problems. The world is split into two opposing ideological camps, and continues to face the possibility of a disastrous economic war or incredibly horrible military suicide.

In spite of these very real and undeniable problems and challenges, Mr. Speaker, the government, after having undermined Canada's financial stability, could offer to the country nothing more than the undecided budget that the Minister of Finance brought down the other evening, and which is characteristic of the policy of this "we knew it all" government. There have been serious problems and challenges in the past, but they have not been solved by indecision. The first world war taught us that Canada would no longer be excluded from international conflicts in other areas of the world, and we also learned that Canada was not immune to world economic disturbances.

[Mr. Tremblay.]

The economic depression of the 1930's was a challenge to Canada. In 1935, Mr. Speaker, did Mackenzie King ask the opposition what they would do under the circumstances, as the Prime Minister has done ever since he assumed office? No, Mr. Speaker; Mackenzie King launched into what was then a revolutionary and extensive social legislative program, which in fact was opposed in part by the Conservatives, with the result that all the social legislation we have on our statute books today, and which indeed has become an essential crutch for our economy, is due to the foresight, planning and courage of Mackenzie King and the Liberal government of that day.

Mr. Grafftey: He consulted the crystal ball.

Mr. Fleming (Eglinton): That is utter bunk.

Mr. Cardin: In 1939 Canada was faced with another challenge, the second world war. At that time we did not have ships, guns or planes. Not only did we not have them, but we did not even have the industries by which they could be built. Did Right Hon. C. D. Howe ask the opposition what they would do in the circumstances? No, Mr. Speaker; Right Hon. C. D. Howe faced up to his responsibilities and took the means of building the ships, planes and guns, and in doing so he also gave birth to Canadian industry.

Mr. Pallett: He did not ask anybody, not even his own party.

Mr. Bourget: Why should he ask you?

Mr. Pallett: He did not even ask his own party.

Mr. Cardin: The new international relationships that were made obligatory during and after the last world war were another new challenge to Canada. A whole new concept of our external relations made it necessary to revamp the Department of External Affairs, to set up in the countries of the world Canadian embassies and missions and to train and send Canadian representatives to international conferences such as the United Nations and NATO, in the formation of which, by the way, Right Hon. Louis St. Laurent played a great part. For a country that prior to the second world war had relatively no Canadian representation abroad, Canada has more than held its own in the diplomatic field, and we owe a tribute of appreciation to the foreign service officers and members of the Department of External Affairs for their hard work and the exceptionally remarkable success they have achieved in such a short time.

But in the face of the complicated and pressing problems of a rapidly changing world, did the Leader of the Opposition (Mr. Pearson), when he was secretary of state for external affairs, ask the opposition what they would do in the circumstances, as the present Secretary of State for External Affairs has done since he has taken over that portfolio?

An hon. Member: Bosh.

Mr. Cardin: No, Mr. Speaker; the secretary of state for external affairs in the former government assumed his responsibilities and made his decisions without fear of being repudiated by his prime minister.

Mr. Pallett: Perhaps he could answer that question.

Mr. Ricard: He abstained from voting when the situation was too tough.

Mr. Cardin: As a result of his competence, his tireless efforts and effective contributions in our struggle toward world peace, he was awarded the Nobel peace prize.

Another challenge to Canadian ingenuity was the post-war period when men in the armed forces had to be reintegrated into the working force, when industry had to be converted from military production to peacetime production after going through an almost incredible period of expansion. Did Right Hon. Mr. St. Laurent ask the opposition what they would do in the circumstances? No, Mr. Speaker; he faced up to his responsibilities and took the steps that the circumstances required without considering whether or not they were popular or politically advantageous. Nor did he preach economy to the country and indulge in record governmental expenditures as the Minister of Finance is now doing.

Mr. Fleming (Eglinton): Would the hon. member permit a question? Would he mind being specific and saying where the money is being wasted at the present time, or being spent unnecessarily?

Mr. Pearson: Hundreds of millions wasted.

Mr. Martin (Essex East): National defence.

Mr. Fleming (Eglinton): I did not ask the hon. member for Essex East, I was asking the hon. member who made the assertion.

Mr. Cardin: I did not say that money was wasted. I just suggested that the expenditures of the government are increasing, and that was all I said. I do not believe the Minister of Finance can deny that. Right Hon. Mr. St. Laurent did not preach economy to anybody; he did, however, administer the country within the very realistic limitation of the country's capacity to pay. The result was that the Conservatives, who were the eloquent but false prophets of gloom and doom of that day and who each year since 1945 had predicted that the war boom would end and the country would be thrown into a catastrophic depression, were politically disappointed because the recessions which started in 1948 and 1953 were stemmed by appropriate and effective action of the government of the day. The 1957 recession, which occurred five months after the Conservatives came to power and from which the Minister of Finance, in three budget speeches, claimed Canada was emerging has not, in spite of the minister's statement, been stemmed.

In the light of the challenges with which our national economy, our international trade and our national security are being presented today, it was disconcerting to note the complacency with which the Minister of Finance basked in the very partisan applause of government members as he brought down his budget—

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

Mr. Cardin: I will be happy to answer all my hon. friend's questions after I have finished what I have to say.

Mr. Pallett: I just wondered if the hon. member was under the impression that we were still in a recession.

Mr. Cardin: I will answer questions after I have finished what I have to say. It was actually frightening to witness the minister's coyest and toothiest smile as he announced, after bringing down repeated record deficits, that this Conservative party, which in 1957 claimed to have the answer to all the problems, had finally given birth to a microscopic surplus of $12 million. This is true if, of course, you do not count the $210 million in total cash deficits which the government will have to borrow during the current year.

So, Mr. Speaker, a toothy smile and a debatable forecast of a $12 million surplus are the only assets which our Minister of Finance, with the excitement, the pride and the naiveté of a nouveau riche, has to offer as a solution to the ever challenging economic, social, trade and security problems facing the country. Not only is this year's budget indicative of the government's alarming indecision and lack of plan and foresight in all fields, but once again the government has used the propaganda gimmick—in this case a nominal or fictitious surplus—in order to camouflage the true insignificance of the budget and its complete inadequacy to meet the real problems facing the government.

This time it is the Canadian people who must foot the bill for this latest Conservative

publicity stunt, because the surplus was obtained at the expense of the 800,000 unemployed who were ignored in the budget and to whom nothing was offered, not even words of encouragement that a solution would be found to the very real and pressing unemployment emergency.

This surplus was obtained also at the expense of the provinces and municipalities who are still waiting for the equitable share of taxes promised to them three years ago. The two thirds of the civil service which was ignored in the budget and which had every right to claim an increase in salary also contributed to the Conservative propaganda surplus. So did the farmers, to whom so much had been promised by the Conservatives. Their net revenue dropped 7 per cent in 1959, yet the government proposes to do nothing about it.

We may ask, by shirking these real problems and responsibilities has the government effectively cut down its expenditures? No, Mr. Speaker; government expenditures this year will be $173 million more than they were last year. Because the Conservative policy of promising more than the country could afford, and because of the extremely high interest rates on our national debt, for which the government is responsible, the government is now caught in a vicious financial circle which apparently leaves no room for the consideration or solution of the fundamental problems that are now challenging our economy.

I was literally shocked to hear the minister say, as recorded at page 2671 of *Hansard*:

> Our people have demanded social security, services and facilities from all levels of government on an expanding scale.

He says, "our people have demanded". Why, Mr. Speaker, the Conservatives not only claimed that this expanded social security was financially possible, they actually promised it in 1957. Not only did they promise it, they also promised to reduce taxes by $500 million as well. I submit that it is the height of arrogance, the height of effrontery for the Minister of Finance, after having blamed the previous Liberal government and the Bank of Canada for the present financial impasse, to attempt now to lay the blame on the people of Canada who had no reason to suppose that the Conservative promises were not only empty and irresponsible but, indeed, economically dangerous. Surely the Minister of Finance and the Conservative party must have realized these dangers.

If the government have no solution to the problems before us, at least they should have the decency to recognize and accept responsibility for their own mistakes without trying to lay the blame anywhere and everywhere except where the blame really belongs.

How insignificant, Mr. Speaker, is the $12 million surplus compared to the $2.3 billion deficit the government has incurred over the past three years without being able to point to any real solution to any of the problems that now face us, and when in fact the increased payments in social benefits have been swallowed up and neutralized by high taxes, high interest rates and the high cost of living. How shallow and empty are the minister's words of confidence and smiles of self-satisfaction compared to the gravity and urgency of the real economic problems which he left out of his speech. The minister did not mention in his speech that the best economists in the country are agreed that the so-called Conservative prosperity, with its alarmingly high rate of unemployment, will cease and we will have at the end of 1960 the depression that the Conservatives prophesied under the Liberal regime.

How will the government, which has no financial reserves whatsoever, which has increased the national debt by $2.3 billion in three years, and which has burdened the economy for many years with an extremely high interest rate, be able to meet the financial obligations of a depression? How will the government, which in a period of so-called prosperity has seen its unemployment insurance fund decline from $874,574,000, in 1957 to $408,145,000 in February, 1960 be able to cope with the catastrophic number of unemployed which is characterized of a period of depression?

What is the government going to do about the continually increasing international payments deficit which rose this year to an unprecedented $1.5 billion? What confidence can Canadians have in a government which spent $5,607 million on our national defence last year and intends to spend this year $5,880 million, when we know that our national security seems to be centred around a useless Bomarc which the United States has discarded, and our obsolete CF-100's? The government apparently has no plans whatsoever for providing Canada with alternative adequate defence equipment, in spite of the fact that Canada's geographic position makes her a likely theatre for a third world war. Not only does the government not have a policy but it apparently refuses to discuss defence policy in this house or in committees set up for this purpose.

These are the facts, Mr. Speaker, which make the minister's $12 million surplus utterly ridiculous and insignificant, and which prove clearly that the government is not up to the responsibilities the people con-

ferred upon it in 1957. Not only is the government lacking in foresight, in planning and in leadership; it is also lacking in courage to face up to the problems and inform the public of the seriousness and the urgency of finding solutions to problems which now threaten Canada's economy and security. The government apparently still prefers to hide behind smiles and verbiage to save its face, but in doing so it is jeopardizing the true welfare of Canada.

Mr. Speaker, when Sir Wilfrid Laurier stated that the twentieth century would belong to Canada, he did not say there would be no problems and no challenges in our path. He took it for granted that these problems and challenges would be faced squarely and fearlessly. However, in making his prediction I am afraid Sir Wilfrid Laurier had not counted on Conservative indecision and maladministration.

Mr. Pallett: Mr. Speaker, I would like to ask the hon. member a couple of questions. First of all, is he of the opinion that there is presently a recession in Canada; and second, where did he get the figures he quoted about defence expenditures?

Mr. Martin (Essex East): We are facing a very uneconomic situation, and this government has no policy.

Mr. Cardin: If the hon. member wants me to answer his question, I did not claim we were now in a recession. I stated that the best economists in the country so prophesied, and I would refer the hon. member to the report of General Research Associates Limited, March issue, which claims that at the end of 1960 or the beginning of 1961 we are going to be in a serious recession.

Mr. Pallett: Would the hon. member answer the second question about the defence expenditure figures?

Mr. Cardin: Mr. Speaker, I took down the figures from the budget debate, from the minister's speech and the estimates. The hon. member will agree, I am sure that the Minister of Finance, in all his confusing reports, can quote figures which he can defend. I can quote figures which I can defend also, and they will not be exactly the same figures.

Mr. Pallett: The hon. member mentioned defence expenditures of $5,000 million odd.

Mr. Cardin: No, I said $5,880 million—$5 billion.

Mr. Pallett: They are the same.

Mr. O. H. Phillips (Prince): Mr. Speaker, my first words must be of congratulation to the Minister of Finance for his budget and its presentation. The fact that the Minister of Finance was able to introduce a balanced budget despite increased expenditures and without tax increases is, I think, a credit to his ability as minister. Most of the editorial comment has been very favourable, and I think the average Canadian is agreeably surprised that the budget is being balanced without tax increases.

Now a word on the subamendment which will be voted on this afternoon. I would refer specifically to the self-liquidating investment fund. I checked with the Oxford dictionary, and I found that the word "liquidating" when applied to business usually refers to bankruptcy. I think the subamendment can aptly be described as bankrupt.

While the minister has received a great many compliments, perhaps he would appreciate a suggestion along with the compliments he has received. I refer particularly to the reduced expenditures of the Department of Public Works. I have a number of projects in my constituency which, while not deleted, have unfortunately been delayed. I know the policy of reducing public works expenditures when a budget is being balanced; it is not new. Past ministers of finance have usually reduced public works expenditures too, but I wonder if in the long run this does not cost us more. Quite often there are emergency repairs and emergency dredging in various harbours which have to be carried out, and I think it increases the total cost of these projects.

The tariff changes are most welcome, and I think will be very beneficial to the textile industry in particular. Last year the potato growers received additional protection, protection which had been requested for years from the previous government. This year they have received greater protection. The tariff on processed potatoes entering this country will help that industry here, which is only in its infancy in Canada. During the present session of the Prince Edward Island legislature there has been considerable discussion over the efforts of the Prince Edward Island government to establish in that province a processing plant for potatoes. I am sure the tariff protection provided in this field will give them an extra incentive to bring their efforts to a successful conclusion.

In discussing the economy of the Atlantic provinces I had hoped to compare the percentage of the population with the gross national product, but I find there is no breakdown by areas.

Our primary industries are those associated with agriculture and fisheries, and perhaps a word on these two subjects might be appropriate at this time. Agriculture in the Atlantic provinces enjoyed a very good year

in 1959. Our net farm income in Prince Edward Island will be almost identical with that for the year 1958, which was the second best year on record. Fishermen on the Atlantic coast enjoyed their best year in history in 1959. Total fish landings were worth $60 million for the year; and when we consider the employment that is provided in processing plants, the total value of the Atlantic fisheries is obviously far greater than the landed value. Our fisheries in Prince Edward Island are, of course, much smaller than those of Nova Scotia and Newfoundland, but we had a record landing amounting to $4.2 million.

It is interesting to note the increase which has taken place in landings over the past decade. In 1949 the landed value in Prince Edward Island was $2.1 million. In 1959 it was $4.2 million, an increase of over 100 per cent in the decade. I may say that the greatest increase has occurred in the last few years and is partly due to increased prices received for the fish, especially by the lobster fishermen. It is also due to the efforts of the Department of Fisheries to modernize and improve fishing methods. More long-liners and draggers are being used, and the Department of Fisheries through the subsidy on these vessels and the loans provided by the provincial loans board is continuing to assist in the expansion of this industry.

During the present session we have heard a great deal about unemployment but very little about employment. During the past year employment in Prince Edward Island was at a record level. We had more people working last year than at any time in our history. This is probably due to the number of federal projects being carried out in the province, including the expansion of the R.C.A.F. station at Summerside, the Charlottetown airport, roads to resources, and public works.

While our employment has been high, wages unfortunately have not been high. In 1956 the average wage in Canada was $64.44. In Prince Edward Island it was only $47.50, and in Nova Scotia $52.90. In New Brunswick it was $55.10. In 1959 the average wage was $73.47. In Prince Edward Island it was $54.75; in Nova Scotia, $60.17 and in New Brunswick $60.39 per week. If we are to improve the economy of the Atlantic provinces and establish industries it is essential that we should increase our basic weekly wage. There is a tendency for the low wage rates in the maritimes to become perpetuated in a number of ways. The average wage in respect of federal contracts is considerably lower than in the rest of Canada. In the past winter I received complaints that the C.N.R. was paying 70 cents an hour for labour used to shovel snow. I think hon. members will agree that this situation is extremely bad, and that efforts must be made to correct it.

There is in the maritime provinces today new interest and a feeling of encouragement over the results of a number of actions taken by this government. These actions include the adjustment grants given to the Atlantic provinces. The grants have been the greatest morale boost to the maritimes since confederation. We have also received assistance to establish thermal power plants, and we have received other forms of help which have laid the foundation for an improved future. I think the time has now come to act and build upon that foundation.

Our two main difficulties are lack of industry and transportation problems. In the past, under the Liberal government, industry in the maritime provinces—and the maritime provinces in general—was neglected. The former government had a policy of giving us a one-way ticket out of the maritimes, and it was aided in that regard by the genius of the hon. member for Bonavista-Twillingate, who was very much in agreement with that policy.

In order to develop new industry in the maritime provinces we must have funds, and I suggest the establishment of a federal-provincial development fund for the maritime provinces. This fund could be used to extend our present industries and also to establish new industries, preferably in conjunction with our primary products of the farm and sea. The interest rate should be low enough to attract firms to the maritime provinces, and certainly it should not be above the rate charged on farm loans at the present time.

I think this should be a joint fund of the dominion and provincial governments, and I hold this view for several reasons. First of all, maritimers themselves have a responsibility for improving their lot. We should play our part. Second, the provincial governments themselves have various plans for the establishment of industry. New Brunswick and Nova Scotia have already done a great deal to establish industries in their provinces, and the new government of Prince Edward Island has plans along the same lines. We should take advantage of their experience and of the experience and advice of the APEC.

Third, in the maritime provinces there is a suspicion of advice and direction from Ottawa. We dislike the idea of some official taking a two-day expedition to the Atlantic provinces and then returning as an authority on our problems and giving advice to the government. In fact, if I may refer to the hon. member for Bonavista-Twillingate again, I would say that he is a classic example of the type of

individual who causes suspicion in the maritime provinces. He comes down for a couple of days at election time, and then returns and grows wheat on his farm in Rockcliffe.

A second method of developing industry in the maritime provinces would be through more consideration by and contacts with the Department of Defence Production. The present minister has gone a long way toward correcting several unfair situations that occurred under the former administration, notably that of the grouping of tenders. Formerly a number of tenders were called together, and there was always at least one product with respect to which the maritime firms could not compete. This grouping has been largely eliminated, and its elimination has benefited us to a great extent in the Atlantic provinces. However, I should like consideration given to the United States plan of giving preference to depressed areas; where there is a labour surplus in one area, of giving a certain preference to the tender from that area.

I think we could also break up the tendency of having goods delivered to a central warehouse in Ontario. A couple of years ago a maritime firm tendered on a contract for army boots. The tender of the maritime firm was 9 cents a pair higher than that of a firm in central Canada, but they were required to deliver the boots to a warehouse in Ontario and they lost the contract. But when the boots were delivered to the warehouse in Ontario the army promptly shipped a large portion of them back to Camp Gagetown. If the maritime firm had been allowed to deliver those boots to Camp Gagetown they could have tendered successfully.

Our second problem is transportation. It is not a new problem by any means. It has been plaguing us since confederation, and has increased considerably since world war II. Last year in the house I suggested that the Department of Transport give consideration to the establishment of a sea-train service. The department has taken notice of this suggestion and has given some consideration to it. But in the meantime I wonder whether we are not moving a bit too slowly in this regard. The United States is taking quite seriously sea-train, container service, or "fish-back", or whatever you care to call it. At the present time 17 vessels are under construction in the United States for this service.

I refer to an article in the *Globe and Mail* of May 20, 1959, which quotes an official of Grace Lines Incorporated as predicting that in the next 15 years the majority of general cargo ships will be of the container type, that is to say they will be ships that take general cargo aboard in large vans, in which it is trucked directly from the shipside to the consignee. An article in the Duluth-Minnesota *News Tribune* of October 15, 1959 states that the interstate commerce commission has authorized "fish-back" container service from Duluth to Detroit and Cleveland. I feel that this type of service could be adapted from the maritimes to the ports on the seaway, and that the ports of Halifax and Saint John could be utilized on a year-round basis. This service could also be utilized for the shipment of products to the developed areas in northern Quebec and Labrador. The products could be placed in the container vans, shipped to Seven Islands and on by rail from this area.

We in the maritimes are greatly interested in the royal commission that is at present studying the transportation problem. However, we have a suspicion that transportation commissions tend to rehash what other commissions have gone over. When you consider the briefs that are submitted to these commissions you find that they are similar to previous briefs, and that each report of a royal commission on transportation seems to devote a good deal of space to reference to previous reports. If we looked around for different methods I think perhaps we could accomplish more than by attempting to doctor up our present methods of transportation.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

PRIVILEGE

MR. CARDIN—REFERENCE TO REMARKS IN DEBATE EARLIER TODAY

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, on a question of privilege, I inadvertently misinformed the house earlier today by stating that the government expenditures for 1959 were $5,670 million and in 1960, $5,880 million. What I had intended to say was that in 1959 the government's defence expenditures were $1,422 million and in 1960, $1,528 million. I was hoping that perhaps *Hansard* would make the correction.

I also wish to thank the hon. member for Peel (Mr. Pallett) for having brought the statement to my attention.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Mr. Fleming (Eglinton) that Mr.

Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson, and the amendment to the amendment of Mr. Regier.

Mr. Phillips: Before one o'clock I was discussing the transportation problems of the maritime provinces. No discussion of our problems would be complete without reference to the three C's, namely the Prince Edward Island causeway, the Chignecto canal and the corridor road across Maine. These matters are now under study, and it is difficult to say too much until the studies are completed.

The Minister of Public Works (Mr. Walker) has told me that an interim report on the causeway will be available shortly. I will make no further comment other than to say I hope we do not have too many interim reports and that a decision will soon be reached on this vital project. If for any reason a causeway is not feasible, then we must have plans approved immediately for the construction of a new rail carrying ferry for the Borden-Cape Tormentine route. I am naturally more interested in a causeway than in the other two projects but the Chignecto canal has taken on new importance with the announcement that there is a possibility of increased industry in the area if a canal is constructed.

There is a tendency to look upon these projects as a means of providing temporary employment in the maritimes. I think this attitude is entirely wrong. These projects should be looked at as part of the general development of the maritimes. If we are able to establish industry, improve our transportation problems, keep our young people at home, raise the population of the maritimes by a minimum of half a million people, we will have solved an awful lot of our difficulties; we will have a local market for our manufacturing and primary producers.

Recently I received a copy of the budget address delivered in the Prince Edward Island legislature. One part of that address should be very interesting to members of this house. It is the statement that 56 per cent of Prince Edward Island's revenues are obtained through grants from the federal government. We could only have achieved this large percentage of grants through the efforts of our present Prime Minister (Mr. Diefenbaker) and our able Minister of Finance (Mr. Fleming). We look forward with confidence to the next full scale dominion-provincial fiscal conference, and we are sure our problems will receive the same sympathetic consideration then as they received in 1957.

[Mr. Cardin.]

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, the occasion of the budget debate is the second and the last opportunity of hon. members to speak in general terms on the policies, general and financial, of the government and, within certain limitations, to speak on matters affecting their own constituencies, their own provinces and the country; also, on international affairs and relationships.

It is not my intention as I rise to speak in the budget debate to criticize the Minister of Finance (Mr. Fleming) because he has brought in what might be called an interim budget, nor to criticize him, as has been done by some people and by editorial writers and suggest that he is waiting to introduce a budget of a more beneficial nature to the majority of the people of Canada just prior to an election. To me that is not an important piece of criticism because it is the general policy of governments and of election expediency to follow that procedure.

It may be a number of years before a change is made and a budget is introduced on the understanding that its underlying principle is the welfare of the country and not election expediency. However, in applying myself to the budget speech made by the Minister of Finance I personally can come to only one conclusion, namely that the principal motivating idea behind the remarks of the Minister of Finance the other day was that it is good policy to leave a few things unsaid. On analysis I do not think the budget speech of the Minister of Finance can be interpreted in any other way than that he considers it good policy to leave a few things unsaid.

This afternoon I want to speak on some of the things which the minister left unsaid. I can find no better way to introduce my remarks than to draw to the attention of hon. members the fact that in previous sessions, and even in the present session, I have made the statement that Conservatives and Liberals, in government and out, supporting a free enterprise system as they do, stand completely indicted because the record of Canada conclusively proves that the only time we have anywhere near full employment in Canada is in time of war when men and women offer their lives for their country and goods are produced for destruction. But when men and women of Canada want to live for their country, to produce for consumption in a useful manner, then we reach the position where we find ourselves in a period of depression, recession and unemployment, as at the present time.

As I have already informed you, Mr. Speaker, I have made this statement once in the present session and previously in other

sessions, and I have been sneered at and jeered at from the government side because I said it. So, how better can I introduce my remarks in the budget debate this afternoon than to ask those who sit on the government side of the house this question? If they will not listen to an analysis by the group of eight in this corner of the house, will they pay any attention to an analysis made by one of their own members? I refer, of course, to the speech made on April 6 by the hon. member for Dufferin-Simcoe (Mr. Rowe). It was quite remarkable how quiet Conservative members were when he made this statement, as found at page 2966 of *Hansard*:

> For over 30 years I have sat here and listened to vigorous debates on the unemployment problem, only to see it temporarily relieved from time to time by the grim necessities of wartime. That is not good enough and I do not believe we have to endure it.

That was the hon. member for Dufferin-Simcoe speaking. If the treasury benches and Conservative members generally do not want to listen to us who have been saying the same thing for so many years, will they listen to what was said by one of their own members who, according to his own statement, has now heard one third of all the budgets ever delivered in the House of Commons of Canada? It is because of what he tried to say that I want to make my views known in the budget debate.

I not only listened to the Minister of Finance when he delivered his budget speech on Thursday night last week but I have read twice everything he said on that occasion and I want to say in unequivocal terms that the Minister of Finance in his presentation let the people of Canada down because of his refusal to face the facts and realities as they exist in our country. I was, as I think everybody else was, happy to hear him say that Canada is prosperous and booming but for the Minister of Finance of Canada to stand up in his place and ignore completely, with the exception of two sentences, the situation of the low income groups and the unemployed is a dereliction of responsibility on the part of the Minister of Finance.

Mr. Bell (Carleton): The hon. member really does not believe that at all.

Mr. Winch: Mr. Speaker, my hon. friend has been a member of parliament for a few years. I have had the honour of being a member of parliament or a member of a legislature for 27 years. Let me tell him that in the over 20 years I was in the British Columbia legislature and the seven years that I have been here I have never made any statement in which I did not believe. I hope that the hon. member has the same sincerity with regard to his responsibilities that I have with respect to mine. I say that we are happy that in the opinion of the Minister of Finance the majority of the people have prosperity and there is a boom in Canada. But I say that the Minister of Finance, having regard to the responsibilities of his position, was derelict in his almost complete omission of any reference to any discussion, let alone planning, with respect to the condition of the low income group, the pensioned group and in particular the unemployed of Canada.

Just over a year ago there was a disaster in Springhill. That disaster meant a great deal to the people of Canada and to the members of the house. Much was said by the government about the disaster, about the horror of the men who died, the heroes who tried to bring them out alive or dead and what the federal government would do for the people of Springhill. A year has gone by and what has been done for the people of Springhill? I was there about a week ago. According to figures I was given there are over 700 unemployed. Where are the new industries that the government was going to establish there? There are two, a battery plant employing approximately 34 people and a woodworking plant employing seven on part time. There is to be a new prison that may eventually employ about 53 people. Is there anything else? No.

Mr. Cardiff: What did you expect them to do, build a whole new town?

Mr. Winch: I certainly expect a government that has said there shall be no undue suffering in Canada to keep its promises.

Mr. MacEwan: Mr. Speaker, will the hon. member permit a question?

Mr. Winch: The hon. member who has just interrupted had a lot to say last year but what has he to say about Springhill today?

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

Mr. Winch: I intend to continue my speech. You can ask your questions when I sit down. It might be helpful if you would represent your part of the country better than you have done in the past.

Mr. Bell (Carleton): But he represents Springhill.

Mr. Winch: You cannot tell me that there is a boom in Nova Scotia. No, there are grave and great troubles down there. Was there any mention in the speech of the Minister of Finance as to how that kind of problem

is going to be handled? Was there any mention of the fact that when Avro took over Dosco they promised that coal mines would be open, not closed, but now there are fewer coal mines than there were before? When Avro took over Dosco citizens of Nova Scotia were turning out axles for railway freight cars. Now that is no longer being done in Nova Scotia because of Avro direction and control outside of Canada. The axles are coming from overseas. Are there any plans with respect to coal mining, with respect to the machining of parts that were previously made in Canada? Are there any plans for the 700 unemployed in Springhill?

Let us go to the other side of the country, to British Columbia. At the invitation of the Minister of Transport (Mr. Hees) and the president of Trans-Canada Air Lines I had the opportunity to travel home on a jet plane about two weeks ago. What is the situation there? According to the government's own figures, there are over 80,000 unemployed in British Columbia and the Yukon. In the construction industry alone there are over 12,000 unemployed. In the budget speech was there any mention of methods or plans by which these problems could be dealt with? No. There are just two sentences to the effect that things are not going right. In other words, we find that the policy speech of the Minister of Finance is one of wishful thinking, one of drift and absolute refusal to face up to the realities of the situation; a refusal to do any planning on behalf of those who are not prosperous.

What is the policy of the government with regard to planning for stopping the loss of industries and keeping people employed? There is none. In British Columbia during the past six months the whaling industry has been nonexistent, and this is the first time that has happened in 10 years. It is a small industry I admit, but it does mean an amount of $600,000 in annual payroll and it has meant several hundred thousands of dollars also to those who supply services such as petroleum companies, shipyards, vessel outfitters and so on. There has been no indication during this entire session, let alone in this budget speech, of any plans to maintain the herring industry of British Columbia, the whaling industry of British Columbia, the coal industry of British Columbia. Only lately the last coal mine closed down. There has not been a word about this situation. There has been no suggestion that would bring help to the closed coal mines of Nova Scotia or replace the loss of machine work since Avro bought Dosco. Now, as a result of outside control, products are shipped into Canada which we previously brought into being ourselves.

There may be good reasons for all these things. Surely, however, there is a good reason for asking the Minister of Finance and the government, have you given any thought to what is taking place? Have you any plans to ensure that industry is maintained? When some coal mines are in trouble, you have subventions. When the gold mines are in trouble, you have the Emergency Gold Mining Assistance Act. When certain farmers need help, you come through to some extent. What we are asking is whether or not you have an over-all plan for the economy of Canada? I have never seen you help the farmers of British Columbia or the fishing industry of British Columbia or the coal mines of British Columbia. There are difficulties there, but there has been no mention of any of these problems in the minister's speech. I am saying that this government, because it is on a midterm basis, is doing nothing to try to resolve the problems of our country. I quite understand why you want a balanced budget. I maintain it is possible to have a balanced budget, if that is the criterion of success on the Conservative side, if you will take care of the problems which you have up until now ignored and make savings where you have refused to make them.

I know the logical question that one could ask at this point is: Where can you save money to take care of the planning for the depressed people and the depressed areas? I want to say that I, personally, and we in this group believe it is possible for a great deal of money to be saved in the Department of National Defence without any radical change in policy. Numerous statements from cabinet benches have made it clear already this session that the government's defence policy entails Canada being bound to NATO and NORAD. This, of necessity, means that Canada maintain a very close military and scientific relationship with the United Kingdom and the United States.

Canada now buys much of her military equipment from the United States, just as we used to buy it from the United Kingdom. In my opinion, therefore, it is not logical that we should be spending so much money on our defence research board when the same investigations and the same studies are being made by our allies in the United States and in the United Kingdom. I cannot understand why Canada should be doing the specialized research which is being done in other countries with whom we are so closely related.

I must be even more specific because if I say something should be done about planning and assistance for the unemployed and

low income groups and the depressed areas, then of course I must show where the savings can be made. I find it difficult to understand why Canada should develop its own Heller anti-tank rocket launchers; why we should be spending money to develop a solid fuel for missiles when Canada has no missiles. I should like to know why in our present estimates we are asked to spend so much money on research, design and development which has already been undertaken and, in some cases, concluded in the United States and the United Kingdom. I would ask the Minister of Finance, through you, sir, or perhaps the Minister of National Defence (Mr. Pearkes) why we are wasting so much money on what he terms "unification".

Two years ago the estimates committee made a recommendation on unification to the Minister of National Defence, related to the medical and religious branches. This year we have been told unification has been completed. I have made a study of the answers and information from the Department of National Defence on this subject, and what do I find? I find that in the unification of the medical and chaplain corps the government seemed determined it would do its best to make no savings whatever for the taxpayers of Canada. In so far as the chaplain corps is concerned, the establishment was 273 before unification and it is still 273 after unification. Of course, there is one difference. Two junior ranks were removed but two new brigadier chaplains were appointed at headquarters in Ottawa. In the medical corps at unification we found that the number of medical officers was reduced from 477 to 472; but at the same time headquarters was padded by two additional lieutenant colonels. The result was that under government policy unification costs more than it did before.

I am convinced that if the Minister of Finance and the government believes in economy and efficiency it is possible to save millions of dollars, not only by a proper unification of the medical and chaplain corps but by the unification of all the armed services. This would make available the money which we say should be available under a balanced budget to help old age pensioners, veterans and the disabled, and in particular—I emphasize this—to take care of distressed areas and do some real planning. This has been completely ignored by this government and is emphasized by ignorance, incompetence and impotence in the budget speech of the Minister of Finance.

These points I have mentioned regarding planning policy are not the only matters left out of the speech the Minister of Finance made the other night. I know I speak on behalf of our group when I say that I feel the minister, irrespective of the time he took, did not give any indication that he was taking the people in general and this House of Commons in particular into his confidence as to problems of the present and the future. I know, it is not too difficult for one to raise a little bit of Cain about the present, but my major worry is that there was nothing said about the future, except the wishful thinking that we are going into a time of prosperity and boom, which is denied by actual facts.

I would note from the remarks of the Minister of Finance that because of the way he is balancing the budget now the federal government will not have to go on a major borrowing spree this year. That will enable the provinces and the municipalities to have a more open door on borrowings than they have had in the past. I should like to ask if the Minister of Finance and the government have given any real thought to this problem of dominion, provincial and municipal governments having to go into the borrowing market. I should like to ask whether any consideration has been given to a new policy. I present this as my personal belief, but I do not think that our confederation in Canada is so parochial or provincial that it is not possible for the federal government and the provincial governments to get together on their borrowings, thereby reaching an understanding of the situation in the borrowers' market. Already I notice the Minister of Finance shakes his head and scowls.

Is there any difference between our nationalism in Canada and that in the commonwealth of Australia? In Australia every year the prime minister of the commonwealth and the premiers of the states get together and discuss their borrowing needs, reach an agreement, and then the federal government borrows all the money for the commonwealth and states by unanimous consent. That means a great deal. Then the federal government having borrowed all the money gives to each state the amount of money it requires at the same rate of interest as it had to pay. Then if the commonwealth government has a surplus, it loans the money to the states, which we call the provinces.

I spoke to ministers in five of the states of Australia. I spoke to one of the ministers of the commonwealth and he said it had been a wonderful system. There is just one borrowing by the commonwealth government on behalf of all states. I should like to suggest that this be considered by the minister. Is it impossible to believe that we cannot do a co-operative job in Canada on the same basis? I merely offer that as a suggestion.

My time is getting short, but I should like to say that the question of taxation is a

serious one to governments and to the people. The question of income tax and corporation tax is serious, as is also the question of plugging the loopholes. I do not go for all they do in the United States, but I do agree with the committee they have set up comprised of both houses which discusses matters of financial policy, does research and makes recommendations. I have been most interested to note that in the past 12 months in the United States very serious consideration has been given by the joint committee on internal revenue taxation and house committees on ways and means to try to arrive at a basis of income tax and capital gains tax to remove all loopholes, to give equity to everyone and to see that government receives its proper and fair return on the income of all people from the lowest standard of living to the highest.

I want to say that my reading of the work of those two committees in the United States leads me to believe that they are facing up to the facts and realities of taxation. I should like to suggest to the Minister of Finance that instead of things being done behind closed doors he place greater responsibility on committees of the House of Commons, on the Senate or on joint committees; that they should be able to conduct research on matters of taxation in order to see whether we, too, cannot come up with recommendations which will make our taxation laws less complicated, less iniquitous and will plug the loopholes.

I am led to believe that they think they can find the answer in the United States where the laws are somewhat different from ours. I do believe that the same principle if applied here under the leadership of the minister would mean a great deal to unity and understanding. What I think is required is a new taxation policy for Canada with regard to income tax and corporation tax. We have not yet a capital gains tax which I think is required if we are to have taxation according to ability to pay.

I notice that my time is almost up. May I conclude with these few words? Perhaps the minister and the government do not think that many of the proposals which we put forward are possible or conceivable. May I say that impossible things are simply those which have never yet been done. I state that with understanding, sincerity, knowledge and diligence the minister should go beyond his budget speech and endeavour to do things which we think are not impossible and not improbable, but inevitable in the interests of all the people of this country.

Mr. Speaker: Is the house ready for the question?

[Mr. Winch.]

Some hon. Members: Question.

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

YEAS

Messrs:

Argue	Howard
Boivin	Regier
Fisher	Winch—7.
Herridge	

NAYS

Messrs:

Aiken	Fleming (Eglinton)
Aitken, Miss	Fleming (Okanagan-Revelstoke)
Allard	Forbes
Allmark	Forgie
Anderson	Frechette
Asselin	Fulton
Balcer	Garland
Baldwin	Grafftey
Barrington	Granger
Baskin	Grills
Batten	Gundlock
Bell (Carleton)	Halpenny
Bell (Saint John-Albert)	Hamilton (Notre Dame de Grace)
Belzile	Hanbidge
Benidickson	Harkness
Best	Henderson
Bigg	Hicks
Bissonnette	Hodgson
Boulanger	Horner (Acadia)
Bourbonnais	Horner (Jasper-Edson)
Bourget	Horner (The Battlefords)
Bourque	Johnson
Brassard (Chicoutimi)	Jones
Brassard (Lapointe)	Jorgenson
Brooks	Jung
Broome	Keays
Browne (St. John's West)	Kennedy
Browne (Vancouver-Kingsway)	Knowles
Bruchesi	Korchinski
Brunsden	Kucherepa
Cadieu	Lambert
Campbell (Lambton-Kent)	Latour
Campbell (Stormont)	Leduc
Cardiff	Legere
Cardin	Lennard
Carter	Letourneau
Casselman, Mrs.	Macdonald (Kings)
Chambers	Macdonnell
Charlton	MacEwan
Chevrier	MacInnis
Chown	MacLean (Queens)
Churchill	Macnaughton
Clancy	MacRae
Comtois	McBain
Cooper	McCleave
Crestohl	McFarlane
Danforth	McGrath
Denis	McIlraith
Deschatelets	McIntosh
Diefenbaker	McLennan
Dinsdale	McPhillips
Doucett	McQuillan
Dubois	McWilliam
Dumas	Martel
Dupuis	Martin (Essex East)
English	Martineau
Fairclough, Mrs.	Martini
Fane	Matthews

Michaud	Richard (St. Maurice-Lafleche)
Milligan	Roberge
Mitchell	Robichaud
Monteith (Perth)	Robinson
Monteith (Verdun)	Rogers
Montgomery	Rompre
More	Rouleau
Morissette	Rowe
Morris	Rynard
Morton	Sevigny
Murphy	Simpson
Nasserden	Skoreyko
Nesbitt	Smallwood
Noble	Smith (Calgary South)
Nowlan	Smith (Simcoe North)
Nugent	Southam
O'Hurley	Speakman
Ormiston	Spencer
Pallett	Starr
Parizeau	Stearns
Pascoe	Stefanson
Paul	Tardif
Payne	Tassé
Pearkes	Thomas
Pearson	Thrasher
Phillips	Tremblay
Pickersgill	Villeneuve
Pigeon	Vivian
Pugh	Webb
Racine	Webster
Rapp	Weichel
Regnier	Winkler
Ricard	Wratten—184.
Richard (Kamouraska)	
Richard (Ottawa East)	

Mr. Speaker: I declare the subamendment lost. The question is on the amendment.

(Translation):

PRIVILEGE

CORRECTION OF A VOTE CAST BY MISTAKE

Mr. Marcel Boivin (Shefford): Mr. Speaker, on a question of privilege. I deem it necessary to inform you that just now I inadvertently voted in favour of the amendment to the amendment, in the belief that I was voting for the amendment submitted by the official opposition.

(Text):

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Mr. Fleming (Eglinton) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson.

Mr. E. A. Winkler (Grey-Bruce): Mr. Speaker, in rising to participate in this debate I wish initially to state that I intend to be brief, and I shall certainly make another reference to brevity in speaking in the house before I am finished.

Like others, I am justly proud of the budget presented in this house by the Minister of Finance (Mr. Fleming). It is, I believe, a statement of true fact that the minister is the most capable minister of finance that this parliament has ever had. I know that he is accepted as such in financial circles, and even the minister's critics across this country will in due course appreciate his tremendous abilities in his present position, and I know it will be evident in the management of the affairs of this country.

To support my belief it is not necessary for me to search far following the presentation of the budget. Indeed, many of the headlines back up what I have just indicated. They also support the Minister of Trade and Commerce (Mr. Churchill) when some of the headlines forecast "more cash jingles in Canadian pockets." Then, we have the word "courageous" and other such headlines. I would add to that just plain common sense. This, of course, is in direct opposition to what the hon. member for Kenora-Rainy River (Mr. Benidickson) thought.

Then, further, a few days following the budget, we also noticed that the headlines were running a little more in the right direction. We know that defence costs are declining and that the cost of living index has declined for the fourth straight month. I do not doubt that less complimentary headlines could be found; but I am one of those—and I know anyone who has read the statistics involved in the presentation of the budget knows it full well—who believes that the compliments I have referred to are well founded.

There is good reason for confidence in this year's business as a result of the minister's forecast. Even in the light of the fact that many of the expenditures which he indicated in his white paper were considerably higher than the year previous, even with the decline in the deficit—and I am sure that the trend will continue—to mention but a few of those to indicate how the government has acted and how the minister's forecasts have worked out in regard to expenditures, I would like first of all to refer to the expenditures for agriculture. I will not make these comparisons throughout but they are all figures obtained from the white paper presented by ministers of finance and mostly, of course, by the present minister.

In 1956-57 the previous government spent $5,019,000 on supports; in 1957-58 it was $5,988,000; in 1958-59 it was $15 million; and in 1959-60, $57,700,000 was spent in support of agriculture. To assure the leader of the C.C.F. party that the door is open at all times I think the trend indicated here would support that thinking. I know from my own experience with the minister, and certainly with the Minister of Agriculture (Mr. Harkness) that such has been the case. After all, the expenditures that were made on behalf

of my constituents in regard to compensation for rabies which was not an inconsiderable amount of money.

Then, we move on to university grants, provincial subsidies, tax-sharing arrangements, farm supports, health grants, hospital insurance, veterans' affairs and a great host of others. These expenditures have increased. I think we can assure the hon. member for Kootenay West (Mr. Herridge) that the veterans' welfare will also be looked after, as well as all other phases of our social program.

As announced by the minister, this government has now substantially removed itself from the money market. It might be wise to comment on what the results can be and will be. It is now becoming quite evident that the interest rates are dropping and the inevitable benefit will redound to every level of government in its capital spending. Also there will be a tremendous benefit to industry and I would expect that our exchange position with the United States will improve in the immediate future. I think the indications are that way now. This, of course, will be most desirable on the part of industry.

What about the projected surplus? This morning we heard again about how small it was, how insignificant it was and so on. The opposition have tried to point out that the trend is maybe one of wishful thinking rather than planning. Although in my own estimation the percentage to the total budget may be small, yet the trend is correct and we can be justly proud of the minister's efforts. As a matter of fact, it would not surprise me if at the end of the current fiscal year the surplus was about 10 times as great as he forecast.

The minister and the government have made one point very clear in financial matters, namely that they did not adopt the attitudes of the previous government by suggesting to the Canadian citizens that they cannot look after their own affairs. They have spent the money in the interests of Canadians and of the entire economy. They did not, as one hon. member mentioned this morning, take $50 million and stick it here and another $50 million and hide it there and another $165 million and hide it some place else. We are spending the money that we take in in taxation on the citizens, in their interests and in the interests of Canada. I am sure that as the forecast of this budget indicates the minister will go on to repair all of the damage that has been done in the past and that we shall have a very sound economy again in the very near future.

The opposition critic was very generous in giving credit to the minister on two points, as reported at page 2863 of *Hansard*. But, of course, what most amazed everyone is the fact that he could not complete the 20-minute period that was left to him on budget night. With all deference, I think that mere conformity to tradition would lose him a tremendous number of points in anybody's view. We are all concerned with any of the situations that are brought home to us but it has been evident in this debate that the members of the Liberal party have been very hard pressed to find any criticism that is sound; indeed, the entire party, not only the critics, have been dashed in their hopes of a much higher deficit, with increased taxation, in the budget. I think this is very evident, Mr. Speaker.

I should like to join with the hon. member for Dufferin-Simcoe (Mr. Rowe) who stated that Canada has been most fortunate in that most of the members of parliament who have held the position of minister of finance have been of good sound character, have been good citizens, and so on. This is indeed true, and it is most certainly true of my predecessor who was also the predecessor of the minister now in office. I note, however, Mr. Speaker, that this gentleman is making public statements similar to those of his party members and I should like to quote from the Owen Sound *Sun-Times* of March, 1960. I regret I have not the date, but I have the clipping before me. It says:

> Harris says deficit may be $600 million.

This is an indication that they were all hoping to enjoy something like that, a little more doom, a little more gloom. We know now this was wishful thinking, but Mr. Harris went on to say that the:

> —deficit will come as a shock to the Conservatives unless they can find some money pretty fast.

They were going to be embarrassed. It seems to me that he, like other members of the Liberal party, would do anything in his power to make the Canadian picture and the Canadian scene bad. They are prognosticators of nothing but ill for Canadian citizens. We must conclude that they would stop at absolutely nothing to regain power. It is a difficult thing for me to understand that Mr. Harris would be such a protagonist of the Liberal cause after the treatment accorded to him by his party supporters at the leadership convention in Toronto such a short time ago.

In making his criticism the hon. member for Kenora-Rainy River stated that if he were in power he would consult the experts on what to do and then, of course, he would do something, he said. Let me tell you, Mr. Speaker, and hon. members, what one very well qualified expert has to say. I refer to an article in a morning paper today reporting

a speech made in Vancouver on April 7. The article says that a prominent Montreal analyst said:

—Canada has suffered from very poor financial and fiscal policies. The Bank of Canada, he said, eased money in 1955 when other countries were tightening up on money.

"I don't think they should have," said Mr. Bolton. "It was an error which has hounded us ever since."

I do not think we have to go too much further to agree that this is the case and that the present situation in which we find ourselves is only emerging from all of those things with which we have had to deal.

I should like to refer for a moment to trade. Trade, of course, will play a most important part in the coming economic upswing. I know that the figures published for January and February show an increase of 27.1 per cent and there is no reason to believe that this upswing will alter. Indeed, although I have not been able to get a firm figure from the bureau of statistics, I have a statement here made by the Canadian association of purchasing agents that orders placed in the month of March are 27 per cent ahead of a year ago and in all industries reporting production is ahead by 33 per cent.

The minister has indicated that he is aware of the importance of imports and the impact they will have on our economy, and it cannot be other than good planning and salesmanship that the increase is of such great proportions. We all know what foreign imports, which are usually made in a much cheaper labour market, mean to us and we would not want the impact on our industries to be as great as has occurred in other countries. I note that the New York *News* of March 29 reports that many small businesses in the United States have been forced to close their doors and that even the big boys are feeling the pinch. Allow me for a moment, by making reference to that paper, to indicate the situation there. We note, for instance, that 12 years ago the United States, such a large country, imported only 1,500 foreign cars and at that time exported 261,000 cars. Last year they imported 668,000 and exported a new low of 117,000. So goes the whole picture. Four million radios were imported and exports were negligible by comparison.

Another important point I note is that one of the oldest sewing machine companies in the United States, established over 80 years ago, threw in the towel three years ago and now distributes only a foreign-made product. We do not want this sort of thing to happen in Canada, and I am sure that the ministers concerned will take the necessary action to see that this does not occur. We would also not want a socialistic atmosphere to present itself because to live under such circumstances would create chaos. Let us not forget that after socialism comes the hammer and the sickle.

I believe that members of the opposition—apparently they do not like to listen to what I have to say—would rather engage in the sort of talk that breeds great lack of confidence and we know, of course, that their discourses are strictly for public consumption. I should like to say that on this particular point alone they are damaging to a great degree some of the possibilities that exist and by no stretch of the imagination are they contributing anything that would be constructive.

I should now like to make a few remarks regarding local industry in my constituency. I have mentioned before in the house that in the main it is furniture manufacturing and, as in other industries, we note a very rapid rise in the rate of imports of furniture. This is an industry that does not and has not had the good fortune of enjoying an export market. There is a possible market in the United States but the tariff and the export procedure make shipments almost impossible. We note that the sharpest increase in imports is from the United States, a market which, as I have said, it is difficult for us to enter. However, there is an alarming increase in imports from other countries in the world and it is necessary for me to mention this matter because if a situation arises in the future where things become impossible I will have to bring this matter to the attention of the government with much greater force.

I should like to refer to a report in the Montreal *Gazette* of April 7 of a speech in Montreal by the hon. member for Essex East (Mr. Martin). The article is headed, "Join Free Trade Area, Martin Urges". I can only say that we in the constituency of Grey-Bruce know full well what this means now and we would be remiss if we did not remind the people of the country and the government that this is not the time to consider such a move. What would they have us do? Destroy secondary industry in this country? Allow the farming industry of the country to be torn to shreds by producers who can snow us under? We have heard enough of this already today. I congratulate the government on any move they make which will support local and domestic industry against unfair competition such as we are beginning to experience in our own way.

I might also mention that I live in an area which is very close to lake Huron and Georgian bay. It is a sad reflection for me

to see the deterioration of our once great fishing industry in these waters. The participants in the industry are now almost all out of business due to the lack of fish.

A comprehensive picture was given in the house by my colleague, the hon. member for Grey North (Mr. Noble), and I think it would be wise for the Minister of Fisheries (Mr. MacLean) to investigate the possibility of planting fish that are known to thrive in such waters and are able to resist the eel and the smelt. Also, and I appreciate that this is primarily a matter of provincial concern, some action is necessary to stop the reinfestation of these waters from the sea. This is a program which I believe could be done very easily and at small expense. Inasmuch as funds are appropriated by the government for the support of the great lakes fisheries commission it would not be beyond the bounds of reasonable expectation for the minister and the department to give some consideration and leadership in this matter.

Finally, I should like to refer to the cost involved in speaking in the House of Commons. As was indicated previously this session, I believe it is in excess of $1,820 an hour. In consideration of the suggestions regarding economy—I hope I am being brief this afternoon in consideration of others who would like the floor—may I say that I am of the opinion that we should amend the rules of the house in some way to cut down the time that I feel is wasted. There may be some who think that I have wasted time today, but it is with that purpose in mind that I am speaking. I believe that a great waste of time is also brought about by people who are impressing their views upon the house and the country unnecessarily. I refer to the filibuster that we are experiencing these days. There are ways and means of putting one's feelings vehemently before the right authorities without wasting the time of the house and depriving hon. members of the opportunity to bring worth-while private resolutions and bills before the house.

Mr. Alan Macnaughton (Mount Royal): Mr. Speaker, when the Minister of Finance (Mr. Fleming) forecast a surplus for the fiscal year 1960, modest though it may be, all Canadians were pleased. The minister's determination to abandon deficit spending, which has been the feature of his last two budgets, is a step in the right direction, at least one step in setting the government's house in order. The deficit spending of the present government for the past two years has been causing grave concern to a great many Canadians who consider this policy a threat to our future economic prosperity. All the people who hold this view, and I list myself amongst them, complain in particular that the country is not receiving the benefits which should have accrued from this deficit spending.

Experts are generally agreed that government spending of the nature and the scale of the past few years—I should say perhaps for the past three years—is not the most effective way of fighting a short recession. Such spending leaves in its wake many economic difficulties. The president of the Royal Bank, Mr. James Muir addressing the shareholders at their annual meeting on January 8, 1959, said:

> Last year, as in previous recession years, and while the economy was still on the downgrade, I urged tax cuts by government and price cuts by business. Instead of tax cuts last year, which would have encouraged business activity while reducing pressure on prices, we got increased government spending. Instead of an immediate deficit last year, timed to coincide with the depth of the cycle, we find ourselves today with a delayed deficit which has timed itself to coincide with the present recovery and the emergence of a new inflationary potential. For it is the great disadvantage of government expenditures as a cure for recession and it is both ponderous and irreversible; it takes time to get projects under way, and once started they must be completed.

Mr. Bell (Carleton): Would the hon. gentleman give the date of that?

Mr. Macnaughton: Yes, certainly. The date of that was January 8, 1959, the report of the president of the Royal Bank to the shareholders.

In his statement on tax policy, which appears on page 2681 of *Hansard* of March 31, 1960, the Minister of Finance said:

> As I said a year ago, and as I have repeated in this house and elsewhere on a number of subsequent occasions, sound tax policies must be flexible and adapted to changing economic conditions. The onset of the 1957 recession called for lower taxes, higher expenditures and heavier capital commitments in order to offset the downward trends in the private sector of the economy and the decline in the external demand for some of our basic products; and I put such proposals before the house in December, 1957 and again in June, 1958.

It strikes me as very strange indeed that the minister now acknowledges that lower taxes was one of the specific features of his program to deal with the recession in 1957-58. If memory serves me aright, I recall how vigorously the minister opposed and condemned, both on the hustings and in the house, the Liberal policy of tax reductions as a means of stimulating economic activity. I find it equally strange that the minister did not remind the members of this house that he withdrew a good part of the benefits of these tax reductions in the 1959 budget.

Mr. Fleming (Eglinton): Not for the people in the low income brackets.

Mr. Macnaughton: However, that is all in the past. What about the future? In my opinion, the minister is taking a big gamble in forecasting a modest surplus. First, he is assuming that there will be no decline or hesitancy in the rate of our economic growth. Second, he is assuming that each department of government will rigidly control its expenditure. Third, he is assuming that our export trade will continue to grow.

With regard to the first assumption, the minister chooses to ignore some of the danger signals in our economy which suggest that the rate of growth may be slower than that which he predicted. He rejects the warnings of the leading economists in the government service, in the academic field and in business, for most economists, I think, agree that rough economic weather is ahead for late 1961 and 1962. An increasing number of economists fear that the first wind of the storm may come in the last quarter of 1960 and the beginning of 1961. In other words, our Canadian economy may be bucking strong winds during a good part of the last half of the 1960 fiscal year.

I do not intend to quote these authorities, as many of them have been cited in this debate so far by other members. However, I do want to point out to the house that a slowdown in our economic growth could easily turn the minister's modest surplus into a deficit and thus could force the government to borrow substantially more than the estimated amount of $210 million.

The minister's second assumption is equally risky. He is demanding departmental control of spending which does not allow even for a normal and expected degree of overspending. There is no margin for the unexpected necessary expenditure. While the minister is certainly to be congratulated for asking for strict control throughout government departments, I wonder if he is being realistic, considering the smallness of the surplus he anticipates?

Have we any hope that the minister may have suggested to his colleagues in the cabinet that we have reached a plateau with regard to government spending and that the various government departments must remain on this plateau for several years to come? I think we should all keep in mind that the basic problem is not only balancing the budget, but at what point or where do you balance the budget? There is no purpose in talking about a balanced budget if in each succeeding year the budget is balanced at fantastically higher and higher levels. This is, in effect, only kidding the people.

The minister's third assumption is, perhaps, his greatest gamble. Canada's export trade, for the past few years does not encourage many people to share the view of the minister or of his colleague, the Minister of Trade and Commerce (Mr. Churchill). Here, the two ministers seem to be in a dream world of their own. Perhaps the Minister of Finance has ventured there so his colleague will not be lonely. I will have more to say about trade shortly. At the moment I merely want to say that the Canadian exporter finds it increasingly difficult to get a fair share of the increase in overseas markets. The economic vitality of western Europe and the United Kingdom, the entry of Russia on a large scale as a large and vigorous trader, is producing a degree of competition in international trade unknown since the end of the second world war.

Our exporters find it harder to retain their traditional markets and harder to acquire new ones. A real increase in our export trade may be slower in the future than it has been in the past.

These are the gambles the minister is taking. As Canadians interested in the economic well-being of our country we wish the minister luck, though many of us feel he has balanced the budget with a hope and a prayer.

I have spoken of the favourable aspects of the budget. Now let me comment on some of the disappointments. The minister has announced no policy or program to deal with the serious deficit in our international accounts and the problems which our exporters are encountering in the international markets.

Surely the minister realizes that responsible government demands leadership. Three weeks ago the members of this house discussed international trade. We were told by the Minister of Trade and Commerce that all was rosy in the garden. He failed to define government policy. Now the Minister of Finance has spoken and he has failed to state a policy or outline a program to ease our situation. This I find very strange indeed.

The minister is the one member of the government, apart from the Prime Minister (Mr. Diefenbaker) who can direct and stimulate our economy by the policies he persuades his colleagues to adopt. Government departments and agencies can act effectively if the economic policy of the government is known.

The Bank of Canada, for example, can manage our monetary system and has done so brilliantly and successfully for many years; but the Bank of Canada cannot manage or direct our economy. That is the job of the government.

The deficit in our international account is serious. The minister himself acknowledges the fact. He urges us to work and save but

does not tell us what he intends to do about it. His attitude appears to be the well known attitude of laissez faire.

What can be done about it? Are we importing too many consumer goods? If so, I suppose the importation of consumer goods could be controlled by a quota system. But a quota system is not acceptable to Canadians, and furthermore it would only antagonize our friends and customers. A quota system would invite retaliation and could lead to economic isolation. The problem of the deficit in our international accounts could be remedied to a degree by various government controls, such as government control of exchange and by the formation of a capital issues committee. But controls in any form are not acceptable to the Canadian people. The institution, and furthermore the administration of such controls would be complex. Experts also doubt that they would be as effective in application as they appear to be in theory, and I doubt if the advantages would outweigh the disadvantages.

The adoption of such controls would be contrary to the trend abroad where currencies have been freed and public and private investment encouraged. I believe such controls would lose us many friends and certainly as many customers. The minister has, quite rightly, rejected all these proposals, but what alternatives does he suggest? He certainly has not told us of any.

If we are going to import goods and capital at our present rate we must earn more abroad on the sale of Canadian goods. We must sell more in our traditional markets. We must find new markets for our traditional export products. We must encourage the export of new products in raw or semi-finished form which are not now being exported in sufficient volume. We must seek new markets abroad for all our products, industrial as well as agricultural.

It is almost trite to say that competition has become an increasingly important factor in world trade, but how very true it is. Other countries are no longer forced to shop in the North American market as they were in the years immediately following the war. They can now purchase their goods from a number of suppliers. We are in a buyer's market, no longer a supplier's market. Our ability to export is no longer measured by our ability to supply foreign markets. Our productive capacity permits us to meet almost any foreseeable demand. Canada's ability to export today and even more so in the future will be measured by our ability to meet competition and our success in opening and developing new markets abroad.

Our new exports, uranium, iron ore, petroleum and now natural gas have helped to expand our exports and smooth over the rough spots encountered by our traditional products such as wheat, base metals and forest products. But the loss of our uranium market has been a serious jolt to our foreign trade. The export of natural gas, which we all greeted with much hope and approval, will only offset a part of the loss of our uranium markets. May I remind the house that we will not experience the full benefit of the exportation of natural gas until the next 12 to 18 months.

We have reached the crossroads in international trade. The question is whether regional trading blocs will dominate or whether multilateral trade will continue. We have seen the formation of two regional blocs in Europe, the, inner six and the outer seven. There is talk of similar blocs being formed in Africa and South America. The creation of these blocs present real problems for Canada and demand initiative on the part of the Canadian government.

What has the minister to say about this? I would like to quote at length from his speech as reported on page 2673 of *Hansard* of March 31, and I have a reason for giving this long quotation. He said:

> In recent years the western European economy has been enjoying particularly rapid and substantial growth. More than one quarter of our exports go to western Europe including the United Kingdom. A prosperous, politically stable and expanding European economy will provide increasing opportunities for profitable Canadian trade. We have been concerned, however, with the possible political implications of economic disagreements within western Europe. We need also to take all practical steps to ensure that our trading position is not adversely affected.
>
> We have therefore been giving very close attention to the problems that are arising from the emergence of the two regional trading groups in Europe; the European economic community of six countries and the European free trade association of seven countries. We have been anxious that these arrangements should not lead to inward looking and discriminatory practices and should not weaken the world wide trading system which has been built up so patiently and so successfully in recent years. We are therefore seizing every opportunity to put forward the Canadian view at meetings with representatives of these groups and with our other trading partners. Moreover, we are participants with the European countries and the United States in discussions relating to, and have declared ourselves ready to become members of, a reconstituted organization for economic co-operation and consultation, O.E.C.C.; and further we will press that such organization shall subscribe not only to the principles of the international institutions governing trade and payments but also that members shall honour their obligations in these institutions. In particular, we are continuing to urge European countries to resist the growth of European tariff discrimination by extending their tariff reductions to other countries on a most favoured nation basis. We have found that our views are shared by many countries in other parts of the world, and particularly by those in the commonwealth.

Mr. Speaker, I suggest that long quotation is not a statement of policy. It certainly does not indicate the seizing of initiative by this government. All the minister has told us is that the government is holding a watching brief and will protect our interests if this becomes necessary.

This is a negative approach. It is being static in a dynamic situation, and the situation demands more than this. I believe, that the government must—and I emphasize must—take the initiative without delay and submit a plan which would offset any danger or threat to our trading position. That plan must be fair and reasonable so that it will have the broadest acceptance.

The seizing of initiative is not new to Canada. Canadian governments in the past have played this role successfully. The nations of the world accept Canada in this role. We have by our actions in the past earned the title of honest broker. If there is to be acceptance of any plan for international trade, perhaps a plan incorporating wherever possible the advantages of the two concepts "multilateralism" and "regionalism"—and the Liberal party has consistently advocated a North Atlantic trading pact—Canada has the best chance of securing some sort of agreement along this line. However, the government's responsibility—and it is the responsibility of the government—is to assume active direction and it should take the initiative in this matter.

I maintain, that Canada must show a different posture to the world in the field of international trade than it has shown for the past three years. There is uncertainty outside of Canada as to the political objectives and as to the trade objectives of this government. The attempt to divert trade to England, for example, on the one hand, yet blaming the United States for not taking more of our exports on the other hand, means that we are riding a hobby horse in both directions.

The opinion which people outside our country hold of Canada is of vital importance for the future development of our international trade and for the obtaining of the capital needed to carry on the investment in, and the development of our natural resources.

I suggest, for example, that the government should increase our trade representation abroad immediately, not by sending one or two persons to one or two countries but by sending as many new trade commissioners or sellers of Canada if you wish, as potential new markets may require. Recently the United States, which is far less dependent upon export trade for its economic well-being than Canada, increased its foreign trade representation by about 50 per cent.

markets in new areas and markets for new Canadian products among our traditional customers. We should realize the real potentiality of trade fairs, and we should do a better job than we did at the Brussels fair.

However, it is not enough merely to increase the staff. We should send out from this country men aggressive in the selling of Canadian goods and capable of discovering

I come, now, to a threat to our trading position which only the Prime Minister among all the members of the government has seen fit to acknowledge. The Minister of Trade and Commerce has shown no great concern. The threat is that of Russia. While I admit the threat may not become real for a year or two, I do say it cannot be ignored. Above all, we cannot afford to sit and wait until something happens. I emphasize the need for prompt and imaginative action by the government in formulating a trade policy and securing a trade market for our goods which we can retain.

What is the threat, and how has it come about? Perhaps the clearest description of the change in Russian policy and the best definition of what it means was given by Mr. R. M. Fowler, president of the pulp and paper association of Canada in an address on January 29, 1960. Under the heading "Russian economic competition", Mr. Fowler said:

> First, however, in the context in which Mr. Khrushchev was writing, the area of international relations, you will note that by the change of one word he has changed the whole concept of relations between the east and the west and once again has seized the initiative. We usually speak of "peaceful co-existence", which is a static concept. It gives a picture of two opposing groups making some necessary accommodations so that they can get along somehow by staying apart. You create curtains and barriers and protective devices so that the two groups will meet no more than necessary and thus can avoid getting into a fight. But when you replace the word "co-existence" by "competition"—"peaceful competition" in place of "peaceful co-existence"—the whole concept becomes a dynamic one. Mr. Khrushchev is saying that Russia is prepared to meet us and face the test of comparison with our system, our methods, and our beliefs. If they were ever afraid of us, the fear has gone. You cannot compete, peacefully or otherwise, unless you meet your competition: tearing down barriers, taking your chances in a free exchange of strength and skill.

I believe that Mr. Fowler speaks with authority and reason, because of his competence, and also because his industry, the pulp and paper industry, will run headlong into the competition which Canadian exporters will encounter from Russia. Indeed, this competition is being felt at the present time. Speaking of the difficulties Canada will face, Mr. Fowler said:

> This emerging problem of Russian economic competition is the great basic issue that will face the

western world in the coming decade. It is quite clear that it will affect Canada more directly and seriously than any of the other western partners and may well affect our pulp and paper industry most of all. At the moment, we have a respite while Russia is building up capacity for domestic needs. But by 1965 or 1968 their domestic requirements, which they can rigidly control, may be sufficiently met, and Russia may then emerge as a major exporter of pulp and paper products. Against this mounting tide of Russian competition, Canada faces two basic difficulties. The first is that the two countries are very much alike in their natural resources; they are both rich in forests and in waterpower, the two essential resources for a large pulp and paper industry. This may not in the long run be too serious because growing populations and increasing economic activity throughout the world may well require all the pulp and paper that both Russia and Canada can produce. But here we run into the other difficulty. In Russia, they can not only control domestic requirements, turning on and off at will the volume of use at home, but they can also control costs of production, and there is clear evidence that the Russian planners are determined to carry out their economic programs without inflation and indeed with a lowering of costs and therefore of prices. In Canada, we have no such control over either domestic use or production costs and no one would wish to exchange our free economy for the regimentation and restrictions of the Russian system. But when the full impact of Russian competition in world markets strikes us, five or eight years hence, we may find that our costs meanwhile have increased and pushed our prices up to levels where we cannot compete in world markets. It is what we do this year, and over the next five years, that will decide if we can run in the race at all.

Dr. J. J. Deutsch, the vice principal of Queen's University, speaking to the members of the Montreal board of trade, on March 8, 1960, had this to say:

The Soviet industrial system is the second largest in the world. The significance to international trade lies in the fact that the Soviet economy is very large, is highly self-sufficient and is highly controlled. The ability to intervene in world markets is extremely powerful, and this ability is an important factor in determining the kind of world trading community in which we now live. In the sphere of economic relations there is no iron curtain in front of which the rest of the world can, unhindered, order its own affairs by the traditional methods of free societies. The long arm of the Soviet union reaches out to the Middle East, to Southeast Asia, to Africa and to the Caribbean whenever it is expedient to do so, and it can change the course of events, both economic and political.

Dr. Deutsch described the entry of Russia as "a massive and dynamic factor". I have quoted Mr. Fowler and Mr. Deutsch at some length because I value their opinions and because of my grave concern as to what Russian competition means to Canada. Russia will flood the world markets with goods identical to those sold by Canada; in particular, with goods which we have considered to be our traditional exports, such as base metals, aluminum and forests products. The time may come when Russia will export wheat without adverse effects on the Russian people.

[Mr. Macnaughton.]

The Russian threat demands that our government recognize the possible consequences to this country and begin to take appropriate action which would include the immediate study of the long range effects of Soviet competition on Canada's export trade. Canadian exporters have every right to expect some guidance as to the nature of this threat. All we ask is that the government show a sense of urgency such as the situation warrants. Surely Canadians have a right to expect far more from their government than what has been done so far. A mere indication that the situation is being watched and that the government will protect our interests if necessary is not enough.

Canada's economic life blood is dependent upon the vigour of its foreign trade. This is Canada's historical position, as professor Hugh G. J. Aitken said in a seminar at Duke University in the summer of 1958 under the heading "The Changing Structure of the Canadian Economy". I should like to quote his words, because I think they are very significant—

Canada, from the beginning of its history, has been a vulnerable economy, exposed to pressures and stimuli from more advanced nations. Its development has been geared to external demands and external challenges.

This government has failed to appreciate this economic fact. It has failed to appreciate, too, that Canada needs a favourable international trading climate more than any other nation. That is why Canada must take the initiative in advancing plans for the basis of international trade.

We sometimes fail to realize the size of the markets being created by the regional trading blocs. Mr. John McCullough, a prominent United States chartered accountant, put out a private booklet on the financial implications of the common market. It was written for the public of the United States, but what he describes is applicable to Canada to an even greater extent. Mr. McCullough had this to say:

Many a corporate financial executive will decide in 1960 what his company is going to do about the vast new mass market now evolving in the common market countries of Europe. Among the factors impelling this decision are:

First, it is expected that the common market will evolve into a mass market of 170 million people by 1970 with a progressively increasing standard of living; that the gross national product of the common market countries will increase by then to $400 billion (ours was $442 billion in 1958);—

He is referring to the United States.

—and that there will be a tremendous increase in demand for consumer goods and concomitant capital goods. Substantial sums of European and American capital have been expended or are planned for expenditure on the basis of these expectations.

Then in paragraph No. 6 he says this:

Finally, corporate financial executives must consider the projected effect of foreign competition upon their United States business and their foreign business outside the common market. Development of know-how, increase in efficiency and improvement of economic position, superimposed on lower wage rates, has materially strengthened foreign competition in the United States domestic market. Already, some American manufacturers have not been able to meet this competition and there is reason to believe that others will suffer.

Other regional groups can be equally large. Unless Canada is aggressive and imaginative in its trading policies and particularly in its negotations with other countries, it could well be that we would be shut out and driven into economic isolation.

The situation demands a sense of urgency on the part of the government. It is my hope that the Minister of Finance whose responsibility it is to guide and direct our economy will initiate without delay a polcy to deal effectively with our deteriorating international position in trade and our deficit on international account.

Mr. Pallett: In view of his last statement, will the hon. member answer a question?

Mr. Macnaughton: I should be glad to answer.

Mr. Pallett: Has there not been a tremendous upsurge in January and February of this year?

Mr. Macnaughton: I do not think it is fair to take one or two months. You might as well say there is a tremendous upsurge of employment in the summer time. Of course there is, because of geographic and weather conditions. The same thing applies to trade. I could read the hon. member an article which was discussed by the Minister of Trade and Commerce on a question of privilege. It appeared in the Winnipeg *Free Press*. I have it here but I will not waste time by reading it. I should like to finish as I have a few more minutes left. I should like to conclude my speech because I am sincere about the necessity of there being a sense of urgency on the part of the government to initiate, to undertake and to explain to the Canadian people, to do something about a trading policy which they have not had for the last three years and which has gradually crept up on us and will eventually destroy our position in the European market.

I am not alone in thinking this. Mr. John Meyer, the financial editor of the Montreal *Gazette*, on Monday, April 4, wrote as follows:

The budget would have given finance minister Fleming the opportunity to give direction to the economy had he recognized there was a need for direction. In standing pat on tax levels, he also stood pat on the tired assumptions that everything will come out right in the end. That posture is not one which can much longer be afforded.

Then he concludes with this paragraph:

But surely the budget is not intended as a catalogue of the difficulties confronting action on this point. Rather, the difficulties should constitute the challenge. Mr. Fleming, unhappily, does not seem to be aware that the challenge has been offered.

I hope sincerely that the Minister of Finance will recognize this challenge of trade, deficit financing, the need to hold the line, the need to control expenditures except in those cases in which we decide in this house that they are socially necessary. I hope he will hold the line and accept this challenge that he give us a trade policy, a financial policy, and do something about the threat of Russian trade competition.

Mr. Harold Hicks (Fraser Valley): Mr. Speaker, I should like very much to congratulate the Minister of Finance (Mr. Fleming) and also his parliamentary secretary (Mr. Bell) on the very fine budget brought down by them and on the way in which it was brought down. Of course, that is exactly what everybody expected would happen. It has been well received in the press and over the radio. In view of that fact I do not intend actually to discuss the budget very much. However, I want to read one article. I quote from the Ottawa *Citizen* of April 2, 1960 these words. This article may have been quoted by somebody else when I was not in the house. However, it is such a good article that it will not hurt one bit to quote it a second time. It is headed "U.S. Politician Praises Our Balanced Budget". I may say that this is the best authority in the United States on Canadian affairs. It reads as follows:

One of the most knowledgeable men in the U.S. congress on Canadian affairs Friday praised the Canadian budget for "resisting temptation to intervene artificially" with Canada's trade imbalance and the foreign premium on her dollar.

Representative Frank Coffin of Maine says that the budget required "a good, long respectful look northward" by this country's authorities.

He was speaking, of course, of United States of America.

"Although an increase in expenditures of about 3 per cent is contemplated, with defence, civil service pay raises and social security accounting for the increases, the forecast is for a balanced budget," Coffin said in a statement.

At the same time Canada expects to continue her remarkable growth rate of about 6 per cent, about twice that of the U.S. in recent years.

"The government has also set a good example for the U.S. in resisting temptation to intervene artificially to attack Canada's trade imbalance problem and the dollar premium problem, while responding more selectively to special problem areas such as textiles.

"All in all it should hearten us in the U.S. to know that Canada's outlook for the future is that of a growing economy playing a significant and responsible role in the world of trade."

Mr. Speaker, you will probably recall that when the Prime Minister (Mr. Diefenbaker) was speaking in the debate on the speech from the throne he mentioned the establishment of a House of Commons committee to consider the rules under which parliament operates. I refer you to page 65 of *Hansard* of January 18. Later in the debate on the speech from the throne as reported at page 402 of *Hansard* the hon. member for Calgary South (Mr. Smith), having in mind similar ideas, gave seven or eight suggestions about changing the rules of the house. A proposal I should like to make is the installation of a projector by means of which a member could use slides or even a position where a good map could be hung in this House of Commons. I know that many hon. members would ask, where are you going to put a map in this house so that we can all see it? I think we could see it all right if it were up over that clock. Perhaps that would be a good place to put it now because time is a factor and I have quite a few things to say.

In fact I find myself at the moment in need of a large map of British Columbia as I wish to speak for a few minutes about three rivers. I refer not to the city between here and Quebec but to three great rivers of British Columbia, and I wish to point out the terrible flood danger of the lower Fraser river, as seen by me in 1948.

One of the rivers is in the southeastern section of the province; I refer to the Columbia river. The first river I wish to discuss is the Columbia river with about a third of its length in British Columbia. It rises in Columbia lake about 70 miles north of Cranbrook, British Columbia and north, of course, of the U.S. border in the Rocky mountain trench. It flows north to Golden, thence in a horse-shoe shape to which the Big Bend highway corresponds and back south. At the most northern end of the Big Bend is the Mica dam site, the largest storage site for power in the project. Then it goes south to Revelstoke and takes in the drainage waters of the Arrow lakes and also goes south and takes in the Kootenay lakes and river and other valleys and crosses the 49th parallel into the northeast portion of the state of Washington. Thence it flows south to Portland and flows into the ocean there. It flows in British Columbia a distance of 480 miles. Its flow is in total length 1,225 miles and the total fall is 2,655 feet. The total British Columbia basin is 29,500 square miles, and the total United States basin is 5½ times that much, namely 219,500 square miles.

The Columbia river is one of the really great rivers of this continent, with its length and run-off only exceeded by the Mississippi going south, by the Mackenzie going north and by the St. Lawrence going east. As we know, the power potential of this great river is enormous. As negotiations are under way at the moment among the United States, Canada and British Columbia I do not care to say more at the present time about the Columbia except that we must avoid overflooding of valuable land in certain areas.

The Mica dam is the important dam to build from the Canadian and British Columbian point of view. This morning I received a resolution put out by the Revelstoke board of trade and I wish to read three sections of this resolution:

> Whereas construction of Mica dam will provide large land reclamation areas in the Columbia basin as opposed to flooding resulting from construction of the high Arrow dam, and
>
> Whereas construction of the high Arrow will delay commencement of Mica dam for a period of many years, and
>
> Whereas Mica dam will provide British Columbia with an ample and lasting supply of low-cost public power and control of water,—

And so on. They are very much in favour of having the Mica dam built.

For a very brief moment I want to turn to the Peace river. This great river originates north of Prince George, almost in the centre of the province of British Columbia. The Parsnip flows north, and from the north the Finlay flows south to Finlay Forks, where it meets the Parsnip to start the Peace, which in turn flows east and crosses the British Columbia-Alberta border into Alberta and continues on in a northeasterly direction to enter into the Slave system. The source of the Peace is the home of the famous, or some people even call it the infamous, Wenner-Gren project.

The Peace River Power Development Company was incorporated in October, 1958. The company's proposed hydroelectric project for the generation of four million horsepower of electricity is situated at two proposed dam sites at Peace river canyon, 80 miles west of the British Columbia-Alberta border. It is planned that the proposed development of power will be in three parts.

First, present projects; there are two dams at the Peace river canyon, an ideal place for dams, near Portage mountain. The first dam is 600 feet high with a 7,000 foot crest. The second dam is a few miles further downstream and is 150 feet high with a 1,700 foot crest. The second project is two additional dams still in British Columbia, further down the river, and the third downstream dam is in Alberta along the Peace and the Slave rivers.

The unique feature of the project is the size of the reservoir lake which will be formed. It extends 70 miles above the canyon

and 200 miles in the rocky mountain trench. This huge lake will provide great storage capacity, more than the present storage of all hydro dams in British Columbia, as well as the three nearest in the United States. It is estimated that this lake 2,250 feet above sea level will take seven years to fill and by that time it will be able to develop 750,000 horsepower. The estimated cost is $700 million.

Storage in the reservoir is provided for 88 million acre feet of water, which is six times that of Grand Coulee dam. The 200 mile long reservoir lies in a northeasterly direction in the rocky mountain trench, with its southerly end about 63 miles north of Prince George or, in other words, it is something like 50 to 70 miles from the Fraser river. The average width of the reservoir is four miles and the area about 900 square miles.

The big objection to this project is the fact that the power is manufactured so far from where it will be required unless, of course, business and industry move to where the power is. It is 600 miles from there to Vancouver, where most of the power would be used under present conditions, and it goes by Prince George, Quesnel, Williams lake and follows the Fraser to Vancouver. There is also objection to the fact that so much arable land is being flooded.

The third objection is that there is very severe criticism of the handling of this project.

Having said this about the two great rivers, the Columbia and the Peace, I want to turn to the Fraser and to give hon. members some idea of what flooding has done in the past and show that things are not safe at the present. We certainly do not want to have a repetition of the 1948 flood.

The Fraser river is entirely within the province of British Columbia. The basin contains 90,000 square miles and that is about one quarter of the entire province of British Columbia. The area drained by the Fraser is all inside the great mountain system known as the American Cordillera.

The Fraser originates in the area around Yellowhead pass, or mount Robson, and after 70 miles in a northwesterly direction in the main trench it turns south from the trench at Prince George, where it is only about 60 miles from, as I said before, the storage reservoir of the Peace, and flows some 400 miles. At Lytton, the Thompson river enters the Fraser. It cuts through the coast range in a deep canyon, passes through Hell's Gate on to Hope, where it is then 100 miles from its mouth at Vancouver. From source to mouth it flows 850 miles. In the north it drains such lakes at Taka and Stuart and the Nachaka river, and further along, Quesnel, Chilcotin, Bridge River, Lillooet, Thompson and the lower Fraser valley are all drained by it. Over 70 per cent of the area of the basin lies above the 3,000 foot range, which is the limit for agricultural crops; hence, the importance of the fertile agricultural lands in the short lower Fraser valley area. The great flood danger lies in the last 80 miles of its course after it has passed through Hell's Gate and gone on down past Hope, about 20 miles.

On May 24, 1948 I was attending a Rotary convention in Bellingham, Washington, about 20 miles south of the border, and I felt rather uneasy, knowing that the water was coming up at Agassiz, where I was situated at that time. I decided I would go home the next morning. I got out and going down to see what was going on I saw the dikes. I found there a flow of about 10 feet deep, 20 feet wide, just gradually pouring in over the farm land and the people were beginning to move their cattle. The people were beginning to move out of the area. At the time I thought it was a terrible thing that this could happen. Actually, I felt that this might not be too bad at all because the water would come in gradually that way and it would not be a case of breaking the dike and chasing people out.

On that day the reeve of the municipality came to me and said, "You know quite a few people, employees or officials, of the Canadian Pacific Railway; I wish you could arrange to take charge of evacuating all the people out of the Agassiz valley except, of course, the people we want to work." I took charge of that work. We got a lot of the older people and the women and children out. It just so happened that the old hotel in Vancouver was vacant at that time and the Red Cross took over and looked after the people. A day or two after this the railroad washed out just west of Agassiz and we had to send more people out by Harrison lake down to Harrison river to a station further down and then on into Vancouver. A few days later the river burst through the C.P.R. right of way at Hatzic and the highway and as soon as this happened the water began to recede a little in the Agassiz area.

Shortly after I had been given a charge of evacuating people Premier Byron Johnson of British Columbia, came to me one day and asked me if I would take complete charge of all the work at Agassiz. My terms of reference were something like these: "You are in charge. Help the people. Anything you want to have done, initial it, pass it on and it will go. Do what you can to help

all the people and save all the money you can without anyone getting hurt."

At that time we had moved cattle into a cemetery roughly two miles by one mile in size. There were 700 cattle there and approximately 100 people had their tents right among the graves. About the third day afterward, I believe, I went that way and I could hear the catle bawling a mile away. Feed had run out and I actually saw cattle there straddling shrubs as they went looking for food. They would straddle a shrub, pin the top down, and eat the leaves. That is how hungry the cattle were.

We at the experimental farm were a little more fortunate because the C.P.R. right of way had helped to hold the water back until it got by Agassiz. We had our office and our whole herd there and we were able to get clean water that ran down the mountain. It was a wonderful source of water supply for the people left there. I think that 17 people slept in our house one night.

I am telling you these things to place before you the importance of controlling flooding on the lower Fraser river. As the flood receded you can imagine the work that had to be done. Where the water had got inside houses it had raised floors and shoved sills out and when the houses dried out the sand left on the floor was as hard as cement. I want to pay a tribute to the provincial department of health. They inspected all the houses, wells and so on before people were allowed to go back to their homes again.

Agassiz is a cesspool town and the town, of course, was flooded. I actually saw fish going in the back door of the butcher shop and swimming out the front door and some of the ladies were catching fish in the main street.

Mr. Fisher: B.C.

Mr. Hicks: B.C. That is right. At that time we wondered what we would do, but the wonderful thing about it all was that there was not one single case of disease or one casualty in the area during the flooding, which lasted for three weeks, that could be traced to the flood. The waters flooded all the area taking in Dewdney, Hatzic, Nicomen island, Barnston island, Pitt Meadows, Sumas and Matsqui. Five years later in driving through some of these areas you could see the high water mark on the side of the buildings just below the eaves.

The 1950 flood in the Fraser valley was not as bad as the 1948 flood. By that time, of course, the dikes had been repaired and we also had the help of the army. I hold in my hand a booklet entitled, "Nature's Fury". It contains the stories of the newspaper reporters who saw the flood at that time and if any hon. members are interested in looking at it there is a copy in the library. I wish I could show you some of the pictures in the booklet. This one shows where the railway and the highway were washed out at Hatzic. I do not suppose you can see it from where you sit. Here is a dead cow floating in a pasture field and here there is water up to the eaves of a barn. These are the things to which I refer.

Whose responsibility is it to see that a flood like this does not occur again? The federal and British Columbia governments have good reasons for joint participation in studies of the Fraser river development such as have been going on since 1948. The province's reasons for participation are, first, that British Columbia is concerned with flood control and hydro power. Second, the Fraser river lies wholly within the province. Third, the administration of water rights and other national resources close to the river is the responsibility of the province.

The reasons for federal participation may not be quite so readily understood, but Canada is responsible for navigation and coast and inland fisheries. This, of course, means salmon. Canada is compelled to take action whenever any national emergency occurs by flooding, the two great floods having been in 1894 and 1948. Canada is interested in hydro power development and if any such development appeared to threaten navigation and fisheries Canada would, of course, intervene.

Diking has been carried on in the lower Fraser valley for almost 100 years. At first the work was characterized by cheap construction methods and poor planning. This era reached its height at the time of the 1894 flood. The great damage done at that time certainly demonstrated that a comprehensive system of diking must be undertaken, and it was beyond the ability of private owners to finance the scheme.

Although much had been done on the building of dikes up to 1948 the great flood of that year wrecked many of the dikes. It has been said that losses totalling $20 million occurred in the lower Fraser valley flood of 1948. At that time the commander of the Canadian army in British Columbia was given control after Premier Johnson issued a proclamation declaring a state of emergency. Many agencies, including governmental, co-operated to improve the situation. When it was all over it was agreed in Ottawa that Canada would pay 75 per cent of the flood fighting costs, 75 per cent of the reconstruction costs and 50 per cent of the rehabilitation costs. The provincial government met and passed a couple of bills.

I should like to make two brief quotations from the report of the Fraser valley diking board. They had this to say:

> By careful engineering methods, one can restrain the river in spots, one can nudge it here and push it there, but never, without fabulous expenditures, can the lower Fraser river be harnessed and controlled by a system of dikes. In designing this new system of dikes, the board had to compromise, striving after maximum security consistent with reasonable economics.

I think the main feature of the report of the board is the fact that dikes are not the complete answer to flood control of the Fraser river. After some study and consideration by a larger board, in 1958 the membership of the board was decreased to four members as it is now. The members from the province are the controller of water rights and the surveyor general of surveys and mappings, and from the federal government the members are the director of the water resources branch of the Department of Northern Affairs and National Resources, who is chairman, and the director of the Pacific area for the Department of Fisheries. This board has made several studies of four known ways to control floods; diking, flood detention reservoirs, river diversions and channel improvements. It seemed obvious to the board that the first two are the most effective. In the interim report presented by the board seven recommendations were made.

We should all realize at this point the enormous potential of the Fraser river basin for hydro power. We have been made aware of this aspect of the Columbia river and the Peace river in British Columbia, but what has not been emphasized is the fact that the Fraser river can produce more power than the Columbia and Peace combined, or about 45 billion kilowatt hours annually. This is about 4½ times the total power presently being produced in the whole province, and does not include power already coming from the Fraser.

The preliminary report mentions three system studies by which the great majority of power could be developed. No. 2 provides the best benefit-cost and includes a power site and storage at Moran. This would create a lake 150 miles long upriver from Lillooet. However, in spite of all the fine things that can be said about a project of this nature, it cannot be undertaken because of the threat to the salmon industry. The salmon industry has an annual value of about $34 million, about $20 million goes to Canadian fishermen and the remaining $14 million to United States fishermen. It is easily understandable, therefore, that projects of the kind mentioned cannot be undertaken for power or manufacturing and flood control.

I will, therefore, move on to another portion of the report put out by the board. They mention four requirements for partial development. The first is to provide flood control to non-damaging levels in the lower Fraser valley. The second is to form an integral part of a comprehensive plan for the basin in which all the economical power sites would be fully developed. The third would be compatible with maintaining anadromous fish runs and the fourth to be economically self-supporting through power production. It is worthy of note that flood control in these systems could be provided in an early stage of the development.

I should like to mention specifically at this point the lower Fraser valley dikes, some 223 miles in length. It is estimated that these dikes will withstand a flow of 375,000 cubic foot seconds of water past Hope. To build up the dikes to withstand this amount of flood would cost about $17 million with about $2 million annual in maintenance costs. So, Mr. Speaker, in the few minutes I have left I should like to give you a few quotations from some of the local newspapers emphasizing how badly they feel about the fact these dikes are not as they should be at the present time. The alternative suggestion now would be to put up storage dams in the Clearwater area.

The Agassiz *Advance* said:

> The B.C. Progressive Conservative association, meeting in Vancouver last Friday, adopted a policy calling for an immediate start on Fraser river flood control dams as recommended by the Fraser river board.

On February 24, 1960 the *Fraser Valley Record* recognized that the storage dams should be built immediately to help control floods. On March 11, in the *Progress*, we find a note that the membership of the board of trade is expected to endorse a resolution calling on the provincial and federal governments to implement plan A recommended by the Fraser river board.

Last, but not least, the Fraser valley milk producers association which, of course, is a huge dairy co-operative in the Fraser valley with annual sales of over $27 million, passed a resolution to urge the federal and provincial governments to relieve the annual flood threat to the Fraser valley by hastening their adoption of a policy of flood control of the Fraser river which is now under study by the Fraser river board and is known as plan A. The plan, as recommended by the Fraser river board, shows that an alternative system of storage dams would be available and would not interfere with the fish runs and would, at the same time, effect the desired measure of flood control.

In conclusion, Mr. Speaker, I just want to say that I, personally, am very much in favour of having these dams built to control the high water. I am also very much in favour of protecting our fish business in the Fraser valley in every way possible, and I am convinced both can be done successfully.

Mr. Granger: Since there are only a couple of minutes left before five o'clock, may I call it five o'clock?

Mr. Speaker: Has the hon. member leave to call it five o'clock?

Some hon. Members: Agreed.

PRIVATE BILLS

OMER THERRIEN

The house in committee on Bill No. SD-36, for the relief of Omer Therrien—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. McCleave: The first bill to be considered this afternoon is the petition of a 40-year old workman who has been separated from his wife since 1946. Despite humble means he has managed to bring up three children who are now in their teens. His wife has been living with another man for some time, and he is asking the House of Commons for a divorce.

Mr. Howard: In so far as Bill No. SD-36 is concerned, the hon. member for Halifax has been kind enough to make a few comments about the circumstances surrounding it. I think this is a commendable approach because it assists in bringing to the attention of the members of the committee some of the circumstances surrounding this particular bill.

There are, however, some additional matters to those which the hon. member for Halifax has mentioned. I might point out that there are three children involved and, naturally, we should concern ourselves with their welfare. The three children are in their teens, one being 18, one 16 and the other, according to the evidence, either 15 or 14. It is possible that the birthday of the child is close to the particular date on which this evidence was given before the committee and this would account for the confusion.

The couple involved have been separated since 1946, and the children have been maintained in a boarding school by their father. There were some proceedings for separation prior to this particular petition for divorce being filed. Mr. Joyal, the counsel for the petitioner, asked some questions about this. In this instance I do not know whether Mr. Joyal is acting as agent on behalf of another counsel who was initially retained, or whether he is the prime counsel. However, he does inquire about some separation action which was not taken by the present petitioner but by his wife, the respondent in this case. At page 11 he asks these questions of the petitioner:

Q. Has there been any action taken between you and your wife in the courts in Quebec to determine who was going to have custody of the children?
A. She took action to separate.
Q. When did she take this action?
A. I think in 1958.
Q. 1958?
A. Or 1957.
Q. Did the matter proceed to trial?
A. No.
Q. There has been nothing further done in connection with any action?
A. No.

So apparently the wife sued for separation proceedings two or three years ago but proceeded no further with that particular action. Why, I have no idea. Whether she felt she would be unable to get a favourable decision from the courts, or whether she just declined to proceed further, is open to speculation; and I do not think it is important in this case, except for this, that if the action for separation was taken by the wife, now the respondent in this case, and the ground alleged was adultery, it would naturally be adultery on the part of the husband who is the present petitioner. If that is the case the situation is now reversed so far as these divorce proceedings here are concerned.

If that is the case and that was the ground for the separation asked for—as I say I do not know whether it was or not, although as I understand it adultery would normally be the ground upon which one would petition or take action for separation in Quebec—perhaps there was some indication of adultery on the part of the man or the wife. But as I say, this is pure speculation.

With respect to the children there is again extensive examination.

The Deputy Chairman: Order. I think the Chair has allowed the hon. member to refer to the children for quite long enough. As the hon. member knows, this bill has nothing to do with the children whatsoever. I am sure the hon. member can refer to the children, but I would not want him to discuss the children.

Mr. Howard: Mr. Chairman, I thought this would be in order. I appreciate this ruling was made some time ago that custody and maintenance of children is not within our jurisdiction and we cannot deal with them. But I would submit that in the Senate committee, there was extensive questioning by

both counsel for the petitioner and hon. senators with regard to the children and their maintenance, their upbringing, their maintenance in boarding school, as well as the question of action for separation to which I referred. It was only to that extent that I made my remarks and confined them to what had occurred in the other place. I have no intention of going beyond what the hon. senators discussed in the other place. As I said, the hon. senators did give extensive consideration to this question.

The Deputy Chairman: Order. I think perhaps this committee had better look at its own rules.

Mr. Howard: I certainly agree with that, Mr. Chairman, that we have rules which apply to these cases. But it is unfortunate that we can only concern ourselves with divorce and must completely disregard what happens to the children, even though in the other place the hon. senators seem to ignore this rule and concern themselves with it. They seem to be acting in a manner which indicates they are concerned with the maintenance of children and what will occur to them afterwards. I would probably go a little further and say that it is an excellent attitude for the senators to take, to disregard the rules as they apply to the maintenance of children, because it is something they cannot close their eyes to. Evidence is given about them. While I do not know offhand about other cases, this petition states that there are three children. That is point number five of the petition which is dated April 27, 1959. It states:

> 5. That after the said marriage, your petitioner lived and cohabited with the said—and there are three children born issue of the said marriage, to wit:—

Giving the names of the three children. I think to the extent that this is a subject matter of the petition, and that the petitioner says to us, in asking for—

The Deputy Chairman: Order. I must ask the hon. member to refrain from discussing the children. This committee has no jurisdiction over the children, as he has already agreed. Therefore I must ask him to refrain from discussing the children.

Mr. Howard: I wonder if I could raise a point of order, Mr. Chairman, as the result of that. I do not mean as far as your ruling is concerned because I understand that that ruling was made before, but I mean as to the validity of a particular petition which makes reference to children being born issue of a marriage when this house and the Senate apparently have no right whatsoever to concern themselves with the children. I would think if that is the case—

The Deputy Chairman: Order. I do not see any point of order in that. This committee cannot make new rules and regulations; we have to go by what is laid down for us by the house.

Mr. Howard: My point of order is that the reference in the petition to children having been born has no place here whatsoever. If we are not entitled to concern ourselves with it, it should not be in the petition and has nothing whatsoever to do with the divorce proceedings which are being asked for.

The Deputy Chairman: Order. This committee has no jurisdiction to say what will go in the evidence and what will not go in the evidence. That is beyond our power. We have no jurisdiction over that at all.

Mr. Howard: I do not want to run contrary to the rules except to conclude my remarks on the point of order, without moving any amendment to the bill and as to what we should do with it. But it certainly seems completely out of order when a petitioner makes reference to children for hon. senators in the other place to concern themselves with them if it is something over which we have no jurisdiction and is not germane to the case. To the extent that reference is made to the custody of the children and its relationship with action that the wife took initially for legal separation I think we are probably concerned or should be concerned with taking notice of it. I think this committee should undertake to communicate with the members of the other place and ask them to refrain hereafter from asking any questions about children or their maintenance, their upbringing or their care, because it is no concern of theirs and should not clutter up the record.

An hon. Member: It is too late now; they have all gone home.

Mr. Howard: We can probably communicate with them after Easter. This has been going on for many years. We can look back at the records in 1926, 1927 and 1928 and see questions asked about this particular result of the marriage, and probably the Senate is in error—

The Deputy Chairman: Order. I think the Chair has been very lenient in reminding the hon. member that this committee has no jurisdiction over the children. Therefore, the question of the children should not be discussed in this committee.

Mr. Howard: I agree with your ruling completely, Mr. Chairman, and it is extremely unfortunate that we cannot concern ourselves with the children. Let us return to the evidence on page 13; I imagine this is within our rights. Evidence is again given by Charles Charron, with whom we are familiar in these cases, and his occupation is given as that of investigator. He is questioned by Mr. Joyal, and I would point out that Mr. Charron, in accordance with the ruling given in this house, makes no reference to children. He makes reference only to the things he discovered, or which it was arranged for him to discover as the case may be. I imagine that Mr. Joyal and other counsel who subsequently appear before the committee of the other place will take notice of the ruling made here that no discussion is to take place regarding children. I imagine that in future no reference will be made to the children, that we shall be as heartless and as cruel as we can in these instances. But Mr. Joyal asks Mr. Charron:

Q. I show you a photograph, which is Exhibit No. 2. Who is the person shown in that photograph?

The answer is:

A. That photograph was supplied to me by someone in the office.

The witness does not say who supplied him with the photograph. He merely says it was supplied to him. Then the evidence continues:

Q. Where did you meet Mrs.—?

I assume that though it is not made clear here, the photograph is that of the respondent. I might as well make sure, in this regard, that exhibit 2 is, in fact, shown to be a picture of the respondent as identified by the petitioner. But even though Mr. Charron does not say this, does not say that it was a photograph of the respondent, I take it we can assume it was a photograph of the respondent. Anyway, in reply to the question: "Where did you meet this woman?" an address in Montreal is given. The record continues:

Q. What date?

A. April 16, 1959.

Q. Describe to the committee the circumstances under which you saw Mrs.—at that time?

A. I was there around 5 o'clock. At 6 o'clock I saw Mr.—come in. He went into the house, so I stayed until 10.30 when I saw the light go out at 10.30. I called my assistant, Mr. Lacombe, to come and meet me, and he came at 11 o'clock and we went to the door and knocked several times before Mr.—came and opened the door slightly. When he opened the door he had on a pair of maroon pyjamas and a grey dressing gown. I walked into the bedroom then.

Q. You went into the bedroom?

A. Yes. Mrs.—was sitting in the bed and she had on a blue top of pyjamas. I asked her who she was and she admitted that she was Mrs.—. I showed her that photograph that I had, and she admitted it was one taken of her, so I said to the man, "You are Mr.—? You are living here as a man and wife with this lady?" He said, "Yes, what is it all about?" I told him it was divorce proceedings. He got a little mad and we went out.

I submit again that this is a highly unlikely thing to have occurred but I am sure every hon. member would agree that this situation would not normally occur. Incidentally, I point out that it is strange how often the time lag in these cases is half an hour between the time the lights go out and the time the investigators knock at the door. It is not 35 minutes, or 15 minutes; for one reason or another, it is half an hour. Perhaps it is considered that half an hour is enough time for people to have engaged in whatever they might have been engaged in after the lights went out.

According to the evidence, the two men went to the door and knocked several times before the door was opened. The man who opened the door had on a pair of pyjamas and a dressing gown. The next thing that happens is that the two men walk into the bedroom. There are no preliminaries, apparently; no pushing their way in; no explanation that they had come to check the gas meter; no question such as "how are you fixed for oil", or "how are you fixed for razor blades". They just walk through into the bedroom and find a lady sitting on the bed wearing a blue top of pyjamas.

These two complete strangers spoke to this lady who had apparently been in bed for half an hour since the lights went out. They asked her what her name was, and she said her name was so-and-so. There was no question raised: "Who are you?" or "What are you doing here?" addressed to the investigators. Then the two visitors asked another question, whether the two were living together as man and wife, and the man replied: "yes, that's right".

No one in his right mind, I submit, who is engaged in this kind of activity whether it is of a long term nature, where people are living together as man and wife, or whether it is one engagement only—and that occurs sometimes by arrangement, in divorce cases—would behave in this way. Unless these people knew that a certain thing was going to occur at eleven o'clock, or whatever time it was, and that someone was going to knock at the door, they would not open the door and allow two persons to come in and ask questions of the nature which were asked in this case, and then, only after the questions were answered, get a little mad.

I have grave doubts about this case. I submit from the evidence that was given here that what happened was this: there was some difficulty at home. The couple was

separated in 1946, as the evidence shows, and there had been trouble in the family. The two people could not get along together and in addition there was in-law trouble. Then, possibly, this woman or wife was going out with other people. These are the reasons why the divorce is sought; these are the reasons why it should be granted.

However, adultery is what we insist must occur, so couples must make arrangements accordingly. Lawyers must make arrangements, private investigators have to make arrangements either with the people concerned or with the lawyers for the sole purpose of arranging a situation where adultery might reasonably be supposed to have taken place or might have taken place. I say there is a great deal of hypocrisy about forcing people to do that sort of thing to make divorce possible when the situation is such that if they were living elsewhere—in the province of Nova Scotia, for instance—it would all be unnecessary. If these people lived in the province of Nova Scotia they could get a divorce on the basis of cruelty. If they lived in another country to which we are very close they could get a divorce on grounds of desertion. I think it is most unfair to ask that these people make these arrangements and set them up in order to meet that strict test upon which we insist, namely circumstances which could lead one to believe that adultery had taken place.

As I said before with respect to Mr. Charron, after reading and considering evidence in other cases with which we have dealt just prior to this time, these are the stereotyped answers that he gives. He knocks on the door. There is no question about what he wants or who he is. It is stated who answers the door. There is no questioning of the person who answers the door about coming in. He merely walks in, walks into the bedroom, asks whoever happens to be there what their names are. They do not hesitate to tell him "we are living as man and wife" or "this is my wife" or "this is my husband." There is no question at all about the impropriety of that sort of thing. It is just as though they had gone to a dress rehearsal in order to make sure that when they made their entrance, everything went according to plan. After it is all over, in order to give it an air of authenticity, as if these people had been disturbed, he uses this phrase "He got a little mad and we went".

I submit that it is asking the committee to stretch its imagination quite a bit to expect it to believe that this is precisely what occurred. I say this without intending any reflection upon what they concern themselves with but I submit that if the hon. members of the other place had applied themselves as assiduously to examining Mr. Charron about his activities that night as they did to examining—and quite properly; I think they should examine and question on this matter—what will occur to the children after this divorce is granted, they would have found out a few other things about the adultery arrangements which probably are not shown in the particular evidence given here.

Again at the risk of incurring your wrath, Mr. Chairman, I say that the action of the Senate in the examination of the petitioner with respect to the teen-age children is an example, and is something they should do. I think the Senate should do this time and time again, regardless of these contrary rules. It shows that apparently the Senate also think the same way. It shows that they are not just concerned with rubber stamping some sort of arrangement because it meets some solemn test with respect to adultery but that they are also concerned about the welfare of other people who are affected in these particular divorce proceedings.

I may as well give you fair warning, Mr. Chairman. As I say, I do not want to incur your wrath, but I say with sincerity that, even though you have made this particular ruling, I think you should allow a fairly relaxed bit of discussion, thought and examination by members of the committee of the whole affair with respect to the children, even though the rules say something different. I hope, Mr. Chairman, I can push in that direction as much as you will allow without incurring your wrath. I would not think it would be right for members of this committee to rise on points of order, as some are wont to do from time to time, because the strict rules are not exactly followed, rules which they themselves do not follow when they are speaking about particular matters.

But when it comes to the matter of children, I think this is something with which we should concern ourselves a great deal more than we do. I submit that it is unfortunate that the jurisdiction is divided. The province itself has some jurisdiction over this matter but then we are asked to split asunder or to cut the marriage ties without concern for what certainly concerns the petitioner and the respondent, namely what occurs to the children after this divorce is granted. The children should have accorded to them far more concern and consideration than is given at the moment.

The Deputy Chairman: Order. I must refer the hon. member to standing order 59 (2) which reads as follows:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

The Chair can go no further than that. I therefore once again ask the hon. member not to refer to the children.

Mr. Howard: Because of what I have said previously and because of the references in the evidence—and because I think it is most unfair to put in the evidence and in the petition references to something which we have no right to discuss—I would move that the committee rise, report progress and ask leave to sit again.

The Deputy Chairman: Will the hon. member put the motion in writing?

Mr. Howard: Yes.

The Deputy Chairman: Does the hon. member mean "ask leave to sit again either this day or next sitting of the house"?

Mr. Howard: Later this day or next sitting of the house as the case may be.

The Deputy Chairman: The motion is the following one:

That the committee rise, report progress and ask leave to sit again later this day or next sitting of the house.

Motion negatived: Yeas, 5; Nays, 28.

The Deputy Chairman: I declare the motion lost. Shall clause 1 carry?

Mr. Peters: I too have been greatly concerned in this particular case about what is going to happen to the children. Because the children were discussed in this evidence—

Mr. Lambert: I rise on a point of order, Mr. Chairman. In discussions in this committee may we please have conformity with the rules? There have now been four rulings by Your Honour on this particular point and once again we are seeing an attempt being made to breach the rulings made by Your Honour today and on previous occasions in connection with petitions of this nature.

Mr. Howard: May I say a word upon the point of order raised by the hon. member for Edmonton West, Mr. Chairman, and point out that it is not an attempt to breach the rules. It is an attempt to act in a moral fashion and to consider the welfare of people who are not otherwise considered.

The Deputy Chairman: Order. That is not a point of order.

Mr. Howard: I did not raise a point of order.

[Mr. Howard.]

Mr. Bell (Saint John-Albert): Are you lecturing us on morals?

Mr. Howard: You do not know what morals are.

The Deputy Chairman: The Chair has already ruled that the children are not to be discussed in this committee as they do not come under this bill or under the provisions of any of the causes of this bill. I will therefore again ask hon. members not to refer to them or I shall be obliged to ask them to resume their seats.

Mr. Peters: Mr. Chairman, I cannot agree with the—

The Deputy Chairman: Order. The chairman has made his ruling and I shall be obliged to ask hon. members to abide by it.

Mr. Winch: Do I understand it is your ruling that in any divorce case the children shall not be the concern of the House of Commons?

The Deputy Chairman: I can only go by what the rules say. The debate must be relevant to this bill and there is no reference to children in the bill.

Mr. Winch: Will you explain why in the evidence which is before us, which has to do with a report of the committee on divorce, it is mentioned that there are three children?

The Deputy Chairman: Order. This committee can only go by the bill in front of it. There is no reference to the children in the preamble; therefore, the committee cannot allow a discussion on children.

Mr. Winch: This is the first time that I have ever heard that children do not interest the House of Commons.

The Deputy Chairman: Order.

Mr. Peters: Mr. Chairman, I do not wish to disagree with your ruling, but I shall be happy to try to meet the point without referring to the children, although they have been discussed widely in the evidence.

The hon. member who spoke a moment ago when he rose on a point of order mentioned rules. He has been in parliament long enough to know that we are not operating under rules as they affect this particular case. This is an act, and an act must take into consideration the results of its operation.

It would seem to me that there are two or three questions the sponsor of this bill should answer. I concern myself mainly with the fact that previously there was an attempt made to obtain a separation order in the superior court of the province of Quebec. It is my understanding that if this order had been granted by the superior court in the province

of Quebec and a separation obtained certain considerations would have entered into the matter. The court would have decided whether the wife was to get alimony and what the alimony was. Second, the court would have taken into consideration the children in this particular case. These two considerations would have been met in the case of a separation.

We are not too happy to discuss the matter of delay, but it would seem to me that the sponsor of the bill either should give some reason why this delay has taken place, or he should meet the charge that the reason that this act was presented to parliament at all was so the wife would not be able to continue her separation order and thereby get maintenance for the children through a civil court.

It is my understanding that if we grant this divorce then obviously there cannot be a separation order, and if there cannot be a separation order then there can be no maintenance granted by a court under a separation order. It would seem to me that if this is so then we are taking away the rights of those children and the wife to obtain support in the superior court.

It may be that we are not allowed to talk about the children here. It has been of importance to the Senate and the Senate have ruled. They have rules that govern what they do in a particular divorce action. They themselves, I believe, are capable of and have the full right and responsibility for changing the rules as they see fit. The reason you are advising the committee that we have no right to discuss children is not that you object to our discussing them, Mr. Chairman, but that you simply object to our discussing the maintenance of the children.

The Deputy Chairman: Order. The Chair has no objections to anyone discussing anything that is before the committee. As I said before, I can go only by what is before the committee. It is not that I am objecting to anything; I do not object to anything that is pertinent to Bill No. SD-36. I hope I make myself perfectly clear.

Mr. Peters: Mr. Chairman, it is my opinion that this case is in a very weak position. As I say, I think that the granting of this divorce will mean the end of the separation proceedings in the province of Quebec. There are certain considerations that we believe must be taken care of, and whether they have been implemented with or without consent is not of much importance. But I think it is important to know the background of this particular case.

It would be wise for us to read the evidence in this particular case, since we are passing an act to dissolve the marriage of these people. It may be that some of the Conservative members do not want to see any issue of this marriage. They wish to think in their own minds that this is an annulment and that the marriage never happened. That is all right if that is the attitude they wish to take. Possibly that is the way their law is constituted. If this is true, then we should take up the actual case itself and find out what led up to the request for the dissolution of the marriage in the first place.

In the evidence taken by the Senate the normal questions were asked, such as whether any arrangements were made between the husband and the wife for obtaining the divorce and that sort of thing. The answers are as one would expect, because they were asked by legal counsel for the petitioner. Senator Barbour asked these questions:

> Q. What was the cause of the trouble?
> A. We used to live with the mother-in-law, and I wanted to take a house so that we could live by ourselves and she didn't want to come with me so she said to me if you are not satisfied to stay here you can go. I couldn't live with her any more.

I guess because she told him he could go. I continue:

> My mother-in-law was there and there was trouble all the time.
> Q. Who was there?
> A. My mother-in-law. She wanted to stay with her mother and did not want to come with me and there was too much trouble in the house.
> Q. Were you living in her mother's home?
> A. Yes.
> Q. And did you try to get her any home of your own?
> A. Yes, that is what I wanted to do, and she would not go with me and because there was too much trouble in the house I wanted to go. So I took my house, but she didn't want to go.
> Q. I am not clear as to where the children are.

We will not give the answer to that question, Mr. Chairman, because I do not think the committee wants to know where they are. From the answers to these questions one can judge that the mother-in-law was at fault and that it did not have anything to do with the lady running around or the husband running around, or anything of that nature. It was purely domestic trouble. A question was asked by Senator Taylor. Again, there was some questioning about the children but we do not talk about that. Then, this question was asked:

> Q. There is no hope of reconciliation at all?
> A. I don't think so.

This is the first case we have had where the parties have said they did not think there was any hope of reconciliation. It would indicate that the man had not made up his mind yet. It would also indicate that he may have been advised that if he had not made

up this mind and if there was some chance of reconciliation probably the Senate would not see fit to pass the bill.

Mr. Bigg: I rise on a question of privilege. The hon. member who is speaking is imputing to members of this committee negligence in their attitude toward the children of these particular people. I take this as not only a personal insult but as an insult to the whole committee. I wish he would substantiate his remarks or withdraw them.

Mr. Peters: There was a vote a few moments ago. The hon. member did not support us when we wanted to discuss the children. I do not think I have to go any further.

The Deputy Chairman: Order. The Chair has ruled that the children cannot be discussed in this committee. They are not referred to in the bill.

Mr. Peters: That member got up and supported it.

Mr. Winch: You attack us. Why are you not interested in the children?

The Deputy Chairman: Order.

Mr. Peters: He goes on to ask if consideration has been given to changing her mind and coming back to live with him, and Senator Taylor continued with this question:

> Q. You kept on in the hope that she would come back and live with you?
> A. She lived with another man.

Then Mr. Joyal, the lawyer in this particular case, as in the last three or four or more cases we have had before us, made what in my opinion is a very startling statement. It is not a question but a statement by counsel. He says:

> I don't think we will have evidence of actual cohabitation, but there is common knowledge that the respondent and correspondent are more or less living together, if not living together as man and wife.

Here is a very odd statement made by a lawyer, one of those people who are always so definite and are paid to be definite. They either believe the person is guilty or not guilty and they are not the least bit above setting out to prove their belief. We have Mr. Joyal, a barrister at law, presenting this petition and making this statement:

> I don't think we will have evidence of actual cohabitation, but there is common knowledge that the respondent and corespondent are more or less living together, if not living together as man and wife.

It seems to me this is further indication that this case was brought before parliament, not because the parties particularly wanted a divorce but for the simple reason that it was a method of getting around the problem of separation which would have required consideration of things that we are not even going to talk about. There are further reasons why I suggest that this matter should not have been allowed to have been delayed the length of time it was. We mentioned the question of delay in divorce proceedings in a very superficial way the other day. As in other types of court procedures, delay is a discretionary bar and will prohibit the prosecuting of a case that has been subject to unreasonable delay. In the book, "The Law of Divorce in Canada", I find the following:

> "Unreasonable delay" within the meaning of said act of 1857 is such a delay as indicates that the plaintiff acquiesced in the guilt of the other party or was insensible to the loss of his or her spouse, or is of such long standing as to compel the conclusion that there has been condonation. It does not need to amount to connivance for that is an absolute bar to relief under section 31; but lack of concern and long delay may be taken into consideration as evidence of conduct conducing to later adultery. In the Shaw case—

Mr. Speakman: On a point of order, Mr. Chairman, the member is not discussing the bill at all.

Mr. Peters: We are trying to indicate some of the things that are involved in the bill and that the action should not and could not be allowed in a court of law.

Mr. Speakman: Which court of law?

Mr. McCleave: How do you know? You are a bunch of vigilantes.

Mr. Peters: I am not giving this out of my head. I am reading what somebody else has said which is more than some of the other members have been doing in the last few days. If they were to follow somebody else's advice they might do a lot better. I continue:

> In the Shaw case ... McLaurin, J., whose dismissal of the action was affirmed, held that standing by and doing nothing for a long period amounts to unreasonable delay and acquiescence within the meaning of the section. He disagreed on this point with Zaharia *v.* Zaharia.

This may satisfy the other side of the argument.

> In that case the respondent wife left the petitioner in 1927, bore the corespondent an illegitimate son, and the proceedings were not instituted until 1942. The discretion was exercised against the petitioner by McPherson, C. J. K. B., and the court of appeal reversed him and granted the decree on the grounds of public policy and in the interests of morality.

We are not suggesting that we follow the same grounds that they have in Great Britain where the grounds for divorce are different from ours. We are not suggesting changes at this time but we are pointing out that there is an indication that this petition was not necessarily brought before the house

in the same manner that other actions have been brought in that it was brought as a method of preventing action for legal separation in the superior court of Quebec being proceeded with or contemplated in the future.

In my opinion it has not been clear for some time just what members of the committee will accept as constituting adultery. This matter has been discussed by the authorities and they mention those things that constitute adultery and those that do not. I would suggest that members of the committee familiarize themselves with the evidence that is necessary to prove an adultery charge. Because some of them probably cannot read or have not the time to read literature such as "The Law of Divorce in Canada" it may be necessary for me to read it in its entirety at some later date. But it is pointed out that adultery does not take place between two single people, between two women or two men. A number of things are necessary in order to prove that adultery has taken place.

An hon. Member: Is that right?

Another hon. Member: What is your authority for that?

Mr. Peters: Mr. Chairman, apparently some members of the committee would much rather hear what is in this book so I will go ahead and read it. Even the lawyer in this case admitted that he did not think that there would be evidence of actual cohabitation and he is the one who is trying to make a case before us today. Here is the definition of adultery as found at page 306:

> Adultery is not defined by the Divorce and Matrimonial Causes Act, 1857, or the divorce acts of Nova Scotia, New Brunswick or Prince Edward Island and its meaning has varied in different countries and under different systems of law. There is no doubt, however, that in divorce and other matrimonial causes it means voluntary sexual intercourse between a married person—

The Deputy Chairman: There is nothing in this bill asking for a description of the word "adultery". I, therefore, ask the hon. member to come back to the bill.

Mr. Peters: I suggest that there is something here that mentions adultery.

The Deputy Chairman: I would be very happy to hear it, if you could make it relevant to this bill.

Mr. Peters: I am just trying to find the prayer to the petition. It reads:

> An act for the relief of—

Then, we will skip the name.

> Whereas so-and-so, domiciled in Canada, and residing at the city of Longueuil, in the province of Quebec, has by his petition alleged that on the first day of September, A.D. 1941, at the city of Montreal, in the said province, he and Maria Rossi were married; and whereas by his petition he has prayed that, on the ground of her adultery since then, their marriage be dissolved; and whereas the said marriage and adultery have been proved by evidence adduced and it is expedient that the prayer of his petition be granted: Therefore, Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

I would suggest that if we are going to admit this bill, which has the word "adultery" in it, then I am pointing out we are not aware of what adultery actually is. I suggest we should consult authorities higher than ourselves. I think it is only fair, since this is really a court procedure, that we be allowed to quote the leading authorities in Canada and the leading cases. We have an admission by the lawyer in this case that no adultery took place and yet we have a statement in the bill that adultery took place. It seems to me that this lawyer needs to know actually what constitutes adultery. He has been before us on four or five cases, and I am sure the committee should have the benefit of the authority I am citing. I suggest it is relevant to this particular case. I should like to complete the definition of adultery that I was given.

The Deputy Chairman: I will certainly listen to the hon. member and if he strays away from this case, I will advise him.

Mr. Nesbitt: We may as well waste time this way.

Mr. Peters: In so far as that last remark is concerned, I would say that if some hon. members just listened they might learn something. Some of them have been in this house a long time without learning very much. I continue the quotation:

> There is no doubt, however, that in divorce and other matrimonial causes it means voluntary sexual intercourse between a married person and a person of the opposite sex other than his or her spouse.

There is a reference then to the Oxford dictionary definition.

> It seems that, under the canon law, where one of the parties was unmarried he or she did not commit adultery, but merely fornication but the use of the word "adulterer", without more, in section 28 of the act of 1857, which provides that a husband petitioner shall make "the alleged adulterer a corespondent, unless—"

Then, there are some asterisks.

> —would indicate that this distinction does not prevail in our divorce law. Since the intercourse must be voluntary in order to constitute adultery the woman does not commit adultery in a case of rape; nor in the case of carnal knowledge of a girl under a certain age where her consent is no defence,—

An hon. Member: Is that right?

Mr. Peters: I am very interested in hearing the interjections. I am pleased to know

the hon. member is obtaining some information. The citation goes on to mention a number of other very interesting definitions, but I rather think hon. members would do well to read them for themselves. I have given what I consider to be the important part.

In any event, I think it has been made quite evident through this definition that actual sexual intercourse must take place. If we accept that as the definition of adultery, then obviously the evidence will have to go farther than it has in this case. Certainly, there has been no indication that this was not an arrangement, and there has been some indication of collusion between the corespondent and the respondent in this case in the obtaining of this divorce, perhaps so they could get married. I do not believe that adultery, in any way, shape or form, has been proved.

I suggest that before this bill is carried by the overwhelming majority when it comes time to vote on these bills the lawyer be recalled before the committee of this house and queried as to why he should make a suggestion that no adultery had taken place, why he should bring that type of evidence before the House of Commons.

Mr. McCleave: He did not say that. Do not misread the evidence.

Mr. Peters: What he says is:

> I don't think we will have evidence of actual cohabitation, but there is common knowledge that the respondent and corespondent are more or less living together, if not living together as man and wife.

Some hon. Members: Six o'clock.

Mr. Winch: I should like to ask—

Some hon. Members: Six o'clock.

Mr. Winch: I should like to ask a question of you, Mr. Chairman, concerning the procedure when a divorce case reaches this stage in the House of Commons and you have information that the spouse asked to appear before the Senate or House of Commons committee but was not notified, and is prepared to give sworn evidence that there was collusion between the lawyer and the other spouse. I should like to know what procedure we take.

Mr. McCleave: I rise on a point of order; obviously, that has nothing to do with this case.

The Deputy Chairman: I can only rule with reference to this bill, and anything else should be given to another source.

Progress reported.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CIVILIAN TRANSPORTATION ALLOWANCES, RENOUS DEPOT, N.B.

Question No. 309—**Mr. McWilliam:**

1. Have changes been made in transportation allowances for civilian personnel engaged at the Renous naval ammunition depot, Renous, New Brunswick?
2. If so, what are the changes?
3. What was the date of the last change in transportation allowances and what were the changes?

Answer by: **Hon. Pierre Sevigny (Associate Minister of National Defence):**

1. No changes have been made in transportation allowances for civilian personnel engaged at the R.C.N. ammunition depot at Renous, N.B., since July 1, 1955.

2 and 3. On July 1, 1955 the daily transportation allowance for civilian employees residing 21 miles or more from the unit was reduced from 80 cents to 60 cents.

FOREST INVENTORY, N.B.—FEDERAL PARTICIPATION

Question No. 321—**Mr. McWilliam:**

1. Is the federal government presently sharing the costs with the province of New Brunswick of a new forest inventory, including aerial photos?
2. If so, what is the estimated federal cost for the completion of this inventory?
3. What is the estimated period of time to complete this inventory?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Yes.

2. An initial federal-provincial forest inventory of New Brunswick was begun in 1951 and completed in 1958 at a federal cost of $129,328. Since 1958, inventory maintenance costs have been shared under an agreement which provides for a continuing inventory progam up to March 31, 1961, when the present agreement expires. It is estimated that at that date the federal cost since April 1, 1958 will amount to a little over $51,000.

3. See answer to part 2.

APPENDIX

[*See Hansard for April 7, 1960, p. 2997*]

Building No.	Designation	Type of Construction	Size	Number of Stories	Pertinent Data
106	Exchange, Cafe Snack Bar	Frame Permanent	12,233 Sq. Ft	2	Contains 164 Cafe seats, Barber shop 5 chairs, Beauty shop 2 chairs, Sales store space 3,892 sq. ft., Storage space 3,085 sq. ft., Latrine facilities.
107	Telephone, exchange	Frame Permanent	5,617 Sq. Ft	1 w/basement	Telephone exchange has a capacity of 1600 lines and is connected with the city of St. John's, Ernest Harmon AFB, Argentia NAB, Goose AB, Gander and many air stations under jurisdiction of 64 Air Division.
202	Shop, Ord. Equip. Base	Frame Permanent	8,719 Sq. Ft	1	Fully equipped to handle repairs to heavy equipment such as graders, tractors etc.
203	Heating facility building	Frame Permanent	1,390 Sq. Ft	1	Capacity 1–75 H.P. Boiler—Central Heating Plant—Provides steam to buildings 202, 204, 205 and 206. 1–100 H.P. Boiler
204	Auto maintenance shop	Concrete	25,841 Sq. Ft	1 w/basement	Capacity—22 vehicles fully equipped to handle repairs to automobiles, pick-ups etc.
910	Auto maintenance shop	Concrete Permanent	13,626 Sq. Ft	1	Capacity—44 vehicles.
213	Vehicle fueling station	Frame Permanent	3 pumps	1	Mo-gas storage 12,000 gals.
928	Vehicle fueling station	Frame Permanent	2 pumps	1	Mo-gas storage 12,000 gals.
223	Headquarters, Wing	Brick Permanent	31,086 Sq. Ft	2 w/basement	Administrative type building.
T–255	Theatre	Frame Temporary	11,426 Sq. Ft	1	Capacity—500 seats.
565	School elementary	Frame Temporary	5,158 Sq. Ft	1	Contains 5 class rooms, capacity 150 students.
566	" "	Frame Temporary	5,158 Sq. Ft	1	Contains 4 class rooms, capacity 150 students.
567	" High	Brick Permanent	39,894 Sq. Ft	1	Contains 15 class rooms, capacity 480 students. This is a modern High School, fully equipped, including cafeteria, library, chemistry and science laboratories etc.
564	School Elementary	Frame Temporary	3,458 Sq. Ft	1	Contains 2 class rooms, capacity 90 students.
308	Open Mess, Officer	Frame Permanent	42,334 Sq. Ft	2 w/basement	This building was designed as a 125 man barracks. However, conversion effected and an addition of 14,569 Sq Ft constructed.
401	Family Housing Officer	Frame Permanent	5,760 Sq. Ft	2	4 family unit—3 bedroom—1 bathroom.
402	" "	"	5,760 Sq. Ft	2	" " "
403	" "	"	5,886 Sq. Ft	2	" " "
404	" "	"	5,760 Sq. Ft	2	" " "
405	" "	"	5,760 Sq. Ft	2	" " "
406	" "	"	5,760 Sq. Ft	2	" " "
407	" "	"	5,760 Sq. Ft	2	" " "
408	" "	"	5,886 Sq. Ft	2	" " "
409	" "	"	5,886 Sq. Ft	2	" " "
410	" "	"	5,886 Sq. Ft	2	" " "
501	Garage, Family Housing, Officer	Frame Permanent	2,914 Sq. Ft	1	Capacity—12 vehicles
517	" "	"	3,875 Sq. Ft	1	Capacity—16 vehicles
813	Garage, Family Housing, Airmen	"	3,370 Sq. Ft	1	Capacity—14 vehicles
507	Family Housing Officer	"	9,109 Sq. Ft	2	4 Family unit—4 bedroom—3 bathroom
508	Family Housing Officer	"	"	2	" " "
509	Family Housing Officer	"	"	2	" " "
510	Family Housing Officer	"	8,624 Sq. Ft	2	5 Family unit—2 and 3 bedroom—1 bathroom

511	Family Housing Officer	"	9,109 Sq. Ft	2	4 Family unit—4 bedroom—3 bathrooms
512	Family Housing Officer	"	9,109 Sq. Ft	2	" " "
610	Family Housing Officer	"	3,400 Sq. Ft	2	1 Family unit—4 bedroom—3 bathrooms
614	Family Housing Officer	"	3,395 Sq. Ft	2	1 Family unit—4 bedroom—3 bathrooms
710	Hospital	Concrete Permanent	113,428 Sq. Ft	2 w/basement	150 bed hospital. Construction all reinforced concrete with gas proof basement having a capacity of 132 beds in emergency.
616	Garage, Ambulance	Frame Permanent	1,898 Sq. Ft	1	Capacity—7 vehicles.
713	Mortuary, Base	Frame Permanent	1,920 Sq. Ft	1	Autopsy and Morgue—9 Cadaver capacity.
807	Service club	Frame Permanent	27,765 Sq. Ft	2 w/basement	This building was designed as 125-man barracks. Converted to service club.
809	N.C.O. Club	Permanent Frame	27,664 Sq. Ft	2 w/basement	This building was designed as a 125-man barracks. Converted to N.C.O. Club.
301	Administrative Office	Frame Permanent	27,765 Sq. Ft	2 w/basement	This building was designed as 125 man barracks. Converted to administrative offices. Exchange sales store and warehouse.
302	Headquarters, Command	Frame Permanent	27,765 Sq. Ft	2 w/basement	This building was designed as a 125 man barracks. Converted to Headquarters Command.
305	Rctn, Multi-Purpose	Frame Permanent	27,765 Sq. Ft	2 w/basement	This building was designed as a 125 man barracks. Section of building was converted to physical fitness section for officer personnel.
311	Education Wing	Frame Permanent	27,664 Sq. Ft	2 w/basement	This building was designed as a 125 man barracks. Section of building was converted to education wing for chaplain activities.
530	OQ, Visitor	Frame Permanent	23,566 Sq. Ft	2	Capacity—49 men.
531	OQ, Men	Frame Permanent	23,566 Sq. Ft	2	Capacity—49 men.
532	OQ, Men	Frame Permanent	23,566 Sq. Ft.	2	Capacity—49 men.
104	OQ, Men	Brick Permanent	17,988 Sq. Ft	2	This building was designed as a 125-man barracks. Converted to shop, comm and Elect, Depot to house Canadian Marconi Company.
615	Family Housing Officer	Frame Permanent	5,886 Sq. Ft	2	4 Family unit—3 bedroom—1 bathroom
701 Thru 709	Family Housing Airmen	Frame Permanent	5,886 Sq. Ft	2	9 units—4 family unit—3 bedroom—1 bathroom.
207	Family Housing Airmen	Frame Permanent	2,995 Sq. Ft	1 w/basement	2 Family unit—3 bedroom—1 bathroom
723	Family Housing Airmen	Frame Permanent	1,968 Sq. Ft	2 w/basement	1 Family unit—3 bedroom—1½ bathroom
812	Photo Lab. Base	Frame Temporary	3,830 Sq. Ft	1 w/basement	
102	Globecom Relay Centre	Frame Permanent	12,233 Sq. Ft	2 w/basement	Building also used as Base Communications and Post Office.
851	Dormitory, Airmen	Frame Temporary	8,657 Sq. Ft	2	Capacity 47 men. This building was used for non-commissioned officers.
901	Fire Station, Base	Concrete Permanent	12,384 Sq. Ft	2	Building used by two (2) activities—Fire Station & Police Station. Capacity fire station—2 stalls.
902	Install Engr. Admin	Frame Permanent	12,422 Sq. Ft	1 w/basement	Approx. 6,103 Sq. Ft used as administrative space, remainder used for storage and mechanical cow.
903	Laundry, Base	Concrete Permanent	24,957 Sq. Ft	1 w/basement	Capacity per month—60,000 pieces laundry and 7,900 pieces dry cleaning processed.
904	Ele. Power station & Steam Plant	Concrete Permanent	6,254 Sq. Ft	1	Stand-by emergency power plant—capacity 1,500 KW. Central heating plant—capacity 750 H.P.
905	Cold storage, Food Base	Concrete Permanent	18,339 Sq. Ft	1	Capacity—281,198 cubic feet.
1043	Cold storage, Food Base	Concrete Permanent	2,727 Sq. Ft	1	Capacity—11,700 cubic feet.
906	Bakery, Break	Concrete Permanent	7,666 Sq. Ft	1	Capacity—4,000 man.
907	Auto Storage, Heated	Frame Permanent	44,030 Sq. Ft	2	Capacity—96 vehicles—second storey of building approx. 22,654 Sq. Ft. Used for commissary store and storage.

APPENDIX "A"—*Conc.*

Building No.	Designation	Type of Construction	Size	Number of Stories	Pertinent Data
803	Dormitory, Airmen	Concrete Permanent	27,664 Sq. Ft	2 w/basement	Building was designed as 125 man barracks. However, approximately 16,936 Sq. Ft was converted to open mess, airmen and administrative offices.
804	Headquarters, Division	Frame Permanent	27,664 Sq. Ft	2 w/basement	Building was designed as 125 man barracks. Converted to Division Headquarters.
805	Headquarters, Division	Frame Permanent	27,765 Sq. Ft	2 w/basement	" " " " "
806	Headquarters, Division	Frame Permanent	27,765 Sq. Ft	2 w/basement	" " " " "
815	Operations, AC&W	Concrete Permanent	13,757 Sq. Ft	2	
1050	Operations, AC&W	"	16,886 Sq. Ft	2	
303	Dormitory, Airmen	Frame Permanent	27,765 Sq. Ft	2 w/basement	13 units—115 man capacity. Two (2) dining Halls—300 man capacity, in building 303 and 808 in use.
	.....	"	"	"	" " " " "
	.....	"	"	"	" " " " "
	"	"	"	"	" " " " "
309	"	"	"	"	" " " " "
310	"	"	"	"	" " " " "
312	"	"	"	"	" " " " "
313	"	"	"	"	" " " " "
314	"	"	"	"	" " " " "
802	"	"	"	"	" " " " "
808	"	"	"	"	" " " " "
810	"	"	"	"	" " " " "
811	"	"	"	"	" " " " "
1024	Dormitory Airmen	Frame Semi-Permanent	2,213 Sq. Ft	1	16 units—20 man capacity—prefabricated buildings
thru	"				
1027	"	"	"	"	" " "
1029	"	"	"	"	" " "
thru					
1033	"	"	"	"	" " "
1935	"	"	"	"	" " "
thru	"	"	"	"	" " "
1039	"	"	"	"	" " "
1041	"	"	"	"	" " "
1046	"	"	"	"	" " "
1028	Lounge Dayroom	Frame Semi Permanent	2,213 Sq. Ft	1	3 units—prefabricated buildings. Used for off duty recreation such as reading, pool and television.
1034	"	"	"	"	" " "
1040	"	"	"	"	" " "
205	Warehouse, Base	Frame Permanent	50,194 Sq. Ft.	1	Approx. 20,000 Sq. Ft used for auto maintenance shop and auto storage. Remainder used for storage of supplies.
206	"	"	17,514 Sq. Ft.	1	General Storage.
209	"	"	850 Sq. Ft	1	Paint and dope storage.
1047	"	Frame Semi-Permanent	960 Sq. Ft	1	General Storage.
1053	"	"	2,213 Sq. Ft	1	"

1100	"	"	1,984 Sq. Ft	1	Petroleum products.
1102	"	"	1,984 Sq. Ft	1	"
1130 thru	"	"	8,020 Sq. Ft	1	General Storage
1135	"	"	"	"	"
1142	"	"	"	"	"
1140	"	"	23,626 Sq. Ft	1	General Storage.
1150	Warehouse, Disp & Salvage.....	"	8,820 Sq. Ft	1	Storage of supplies disposed of thru crown assets disposal corporation.
1170	Warehouse, Base.....	Concrete Permanent	72,690 Sq. Ft	1	General storage and administrative offices of base supply personnel.
1048	Heating Facility, Bldg.....	Concrete Permanent	1,731 Sq. Ft	1	Central heating plant—capacity 450 H.P.
1071	"	Concrete Permanent	1,568 Sq. Ft	1	Central heating plant—capacity 250 H.P.
908	IE, Pavement & Grnd Fac.....	Concrete Permanent	5,824 Sq. Ft	1	This building was designed as auto storage, heated. Converted to present designation.
909	IE, Maintenance Shop.....	Concrete Permanent	16,980 Sq. Ft	1	This building houses all shops used for maintenance and repair of all facilities on base.
930	Rctn, Gymnasium.....	Frame Temporary	19,127 Sq.Ft	2	This building is equipped with six (6) lane bowling alleys w/semi automatic pin setters and basketball court.
951	Chapel, Base.....	Frame Temporaty	6,153 Sq. Ft	1	Capacity—375 seats.
952	Shop, Comm. & Elec. Depot.....	Frame Temporary	15,245 Sq. Ft	1	This building is used by Canadian Marconi Company for maintenance purposes.
1000	Rctn. Workshop.....	Concrete Permanent	9,733 Sq. Ft	1	This building is used as a hobby shop.
1003	Stor. Igloo.....	Concrete Permanent	1,610 Sq. Ft	1	Underground Ammunition storage.
1014	Water Supply Storage.....	Concrete	500,000 Ga.		Provides emergency storage for base.
1015	"	"	500,000 Ga.		" " "
1020	Trlr. Ct. Utility House..	Frame Temporary	314 Sq. Ft		Community house for trailer court. Trailer court is designed to accommodate 53 trailers.
1045	Dining Hall, Airmen.....	Concrete Permanent	4,668 Sq. Ft	1	Capacity—230 men.
1044	Storage, subsist, base.....	Frame Permanent	960 Sq. Ft	1	Storage of dry subsistence. (Food Storage).
1051& 1054	OQ Men.....	Frame Permanent	12,522 Sq. Ft	2	2 units—32 man capacity.
1101	Tech Lab 1/fuel analy.....	Frame Semi-Permanent	1,984 Sq. Ft	1	Laboratory for testing petroleum products.
1042	Auto Storage, heated.....	Concrete Permanent	7,440 Sq. Ft	1	This building was also used to house firefighting equipment required to for more adequate protection of White Hills area.
	Road.....	Asphalt Concrete	5.3 miles		On Base.
	Road.....	Stabilized Earth	6.6 miles		On Base.

HOUSE OF COMMONS

Monday, April 11, 1960

The house met at 2.30 p.m.

MOTIONS FOR PAPERS

WHARF CONSTRUCTION, MALARTIC RIVER, QUE.

Motion No. 83—**Mr. Dumas:**

For a copy of all payrolls showing the names of those employed, the period of employment and the amount paid to each person, in connection with the reconstruction, during 1959, of a wharf located on the west bank of the Malartic river, range 4, in the township of Malartic, Quebec.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I suggest that this order for the production of papers could be accepted with the reservation that the return be tabled after the investigation by the Royal Canadian Mounted Police is completed.

Mr. Speaker: Is the mover prepared to allow the motion to stand?

Mr. Dumas: Agreed.

Mr. Speaker: I take it the house agrees to allow this motion to stand?

Some hon. Members: Agreed.

Motion stands.

H. T. PECKHAM—TRAVELLING EXPENSES

Motion No. 87—**Mr. Michaud:**

For an itemized statement of travelling expenses paid by the Department of National Defence for the fiscal year ended March 31, 1959, to H. T. Peckham.

Motion agreed to.

ESTABLISHMENT OF SEAPORT, MOOSONEE, ONT.

Motion No. 89—**Mr. Peters:**

For a copy of all correspondence, telegrams and other documents exchanged between the federal government and any of its departments, and the provincial government of Ontario, its agents, commissions or agents thereof, since January 1, 1959, dealing with the establishment of a seaport at Moosonee, Ontario, including the establishment of docking facilities, dredging of a channel connecting Moosonee with the deeper waters of James Bay.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, this is accepted subject to the usual reservation in connection with the province of Ontario.

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

Motion agreed to.

79951-0—195½

AUTAIR HELICOPTER SERVICES LTD.

Motion No. 91—**Mr. Chevrier:**

For a copy of a letter dated February 4, 1959, from the air transport board to Autair Helicopter Services Limited, requesting certain information concerning application by the latter for the removal of the restriction limiting the company to the use of certain equipment as referred to in the air transport board order, decision serial number 1275, dated June 1, 1959.

Motion agreed to.

COMMONWEALTH RELATIONS

SOUTH AFRICA—ARREST OF CANADIAN NEWSPAPERMAN—REQUEST FOR EXPRESSION OF VIEW ON APARTHEID

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in asking the Prime Minister whether he can report to the house on the steps that have been taken to protect the interests of a Canadian citizen, Mr. Norman Phillips, arrested in South Africa for carrying out his duties as newspaper reporter, may I also ask him a related question supplementing those I previously asked on March 25 and 31, namely whether he would make provision, as was done last Friday in the parliament at Westminster, so the views of this parliament can be expressed, through a resolution, on the policy of apartheid.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in so far as the first question is concerned, when information was received by the government to the effect that a Canadian newspaperman, Mr. Norman Phillips, was being detained, the matter was taken up with me, acting in the absence of the Secretary of State for External Affairs, and as a result the Canadian High Commissioner was instructed to inform the South African government that the arrest and detention of Mr. Phillips could not but add to the widespread public indignation already felt in Canada at the measures which had given rise to recent violence and loss of life in South Africa.

The high commissioner was instructed to make strong representation to the South African government with a view to securing the release of Mr. Phillips. Those representations were made. While I am not in a position at the moment to report finally as to what the result may be, I have reason to hope that Mr. Phillips will be released from detention.

There is however, a suggestion that to that release may be added an indication on the part of the South Africa government that Mr. Phillips' presence in that country would no longer be considered desirable by the government of South Africa.

In so far as the second question is concerned, the Leader of the Opposition has referred to a resolution which came before the House of Commons of Great Britain on Friday last. If the house would allow me I might refer to the pertinent portions of that resolution:

> That this house, deploring the present racialist policies now being pursued by South African government, under which non-Europeans are consistently denied normal human and political rights, including the right of campaigning for a peaceful change in the laws under which they live, and the recent declaration of a state of emergency and the many arbitrary arrests, fearing that a continuation of this repression is threatening the security and welfare of all races living in Union of South Africa and good relation between members of the commonwealth, urges Her Majesty's government to take the opportunity at the forthcoming commonwealth prime ministers' conference to bring home to South African government the strong feelings of British people; and restates its firm belief that peace and tranquility in South Africa can only be secured in the long run on the basis of freedom and equality and a full respect for the inherent dignity and humanity of all men.

Now, sir, speaking on behalf of the government and people of Canada, I have stated that we deplore the situation which brought about the bloodshed in South Africa. I have stated that whatever one's personal feelings may be—and I do not have to state what mine are in this regard, for they have been stated and restated in the past—respect must be had for the situation which might arise in a commonwealth prime ministers' conference if in advance there was an indication that this matter would be included in the discussions. There is no official agenda for the prime ministers' conferences, but I am sure hon. members will realize that in the informality that prevails at those conferences, and with the prime ministers of India, Pakistan, Ceylon, Ghana, Malaya, and other countries of the commonwealth present, it may certainly be expected that the views of the various commonwealth governments will be made most clearly evident.

The Leader of the Opposition asked whether an opportunity might be given for the introduction and discussion of such a resolution as was brought before the United Kingdom House of Commons three days ago. While there is no opportunity now, having regard to the order paper, the fact that we are discussing the budget and also the fact that we have fully before us the very tragic happening of last Saturday, I can say that immediately after recess, when the condition of affairs in South Africa will at least not be as turbulent, we hope, as it is at the moment, we might then give consideration to doing that which the hon. member has suggested so that the views of Canada's House of Commons, with respect to which there is no difference from the point of view of party affiliation or position in the house, might be expressed.

I would also point out that if I were not sitting where I am, with the responsibilities that are mine, I would express myself somewhat differently from the way I am at the moment. But looking ahead to the prime ministers' conference, while there must be the clearest consideration and the frankest discussion of those things that affect all parts of the commonwealth, and though bound together by no pact or treaty we are free to discuss as we will, I fear for the future of the commonwealth if, while never failing to make clear the viewpoint of each of us, the prime ministers' conference should become the judge and jury of the conduct of member nations.

In saying that I also express the hope—my predecessors Mr. King and Mr. St. Laurent have also spoken strongly of this matter—that while there should be nothing done among the member nations to cause division and dissension, some day the members of this great group of nations will be able to bring about a declaration of basic, accepted principles with regard to human dignity so that together all the nations of the commonwealth, having a similar heritage, may hold, in so far as these basic, fundamental things that touch sacredness of the human person are concerned, a common basis for agreement.

Mr. Pearson: Mr. Speaker, perhaps I will not be out of order, or if I am you will excuse me, if I express the appreciation of our party on the Prime Minister's statement that an opportunity will be found at the earliest convenient date to express the views of this parliament on apartheid through a resolution. May I also express the view that this resolution should include an expression of the hope of this parliament that, before it is too late, some way out of the distressing situation in South Africa may be found, before further violence makes any peaceful solution, founded on right and justice, impossible.

Mr. H. W. Herridge (Kootenay West): Speaking on behalf of a party that abhors violence in all its forms, I want to say we support the proposal made by the leader of the official opposition that this house be given an opportunity to discuss the South African

situation, such as was provided to members of the House of Commons at Westminster. We have evidence once again, Mr. Speaker, of the fact that Britain leads the world in speaking with a united voice against tyranny.

I suggest, Mr. Speaker, that while we are glad to hear the Prime Minister's statement that at a later date we will have an opportunity of taking a course of action similar to that taken in Great Britain, we would prefer him to take that action now so we can support Great Britain's united stand in opposition to typranny in South Africa.

Before I sit down I should like also to say that the attempted assassination of the South African prime minister was a most unfortunate event. This attempt on his life is evidence of a grave social conflict arising from the practice of tyranny in South Africa. So long as this tyranny remains there can be no peace in the hearts of freedom loving people of the commonwealth or elsewhere in the world. We suggest, Mr. Speaker, that now is the time for the Prime Minister of Canada to speak up for Canada.

Hon. Paul Martin (Essex East): May I ask a supplementary question. Can the Prime Minister say whether Canada has been approached by any country or any group of countries with regard to the suggestion that a special assembly of the United Nations be held regarding this matter?

Mr. Diefenbaker: I cannot say definitely, although the information I have would not bear out this suggestion on the part of the hon. gentleman. I would ask to be allowed also to say to the hon. member for Kootenay West that the Prime Minister's views have always been made known with regard to these matters that are concerned with discrimination, and those views have never been muted. However, at a time like this outspoken criticisms may have the effect of making the situation more serious, deplorable as it already is. It is for this reason that there has been, on the part of this government, a sense of restrained responsibility, without failing to recognize the needs of the moment.

AIR TRANSPORT

ICAO—INQUIRY AS TO ADOPTION OF UNITED STATES NAVIGATIONAL SYSTEM

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport, notice of which I have sent him. Did the international civil aviation organization adopt the United States VOR-DME navigation aid as a standard for world air lines, despite protests by Canada that the system was inadequate, untested and inaccurate? What effect will this decision have on the very high frequency directional range now in use in our country?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for having given me notice of his intention to ask this question.

I understand that the council of ICAO last Friday, by the necessary majority vote, accepted what is known as the distance measuring equipment as a standard for addition to the already accepted visual omni range system which is at present an ICAO standard. Canada did not vote in favour of this move at the time, since while we were prepared to accept the DME specifications as a standard we felt the requirement for its installation should be on the basis of what is known as an ICAO recommended practice rather than an ICAO standard. The full report on this discussion, and the formal ICAO recommendation, have not reached my department yet, and I am therefore not in a position to comment until the documentation has come in and we have had an opportunity to consider it.

Mr. Chevrier: I should like to ask a supplementary question with regard to the VOR ranges that are now in operation. Are they all installed, and what will happen to the 18 new ones that it is the intention of the department to establish? Will they still go on?

Mr. Hees: As far as I know. However, I should prefer to wait until this whole matter has been fully considered before giving a final answer.

POWER

EAST SAINT JOHN, N.B. THERMAL PLANT—PERMISSION TO TABLE CORRESPONDENCE

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I should like to direct a question to the Secretary of State. Can the minister inform the house on what date a reply was given to the request of the government of the province of New Brunswick for permission to table an exchange of correspondence in connection with the East Saint John thermal power plant? Can the minister also state whether the reply was in the affirmative?

Hon. Leon Balcer (Acting Secretary of State): As to the exact date, I have not that information at the present time. However, I will take the question as notice and supply the information as soon as possible. As to whether the minister can state whether the reply was in the affirmative the answer is yes

Inquiries of the Ministry

Mr. Robichaud: I have a supplementary question. In view of the minister's reply, and also in view of the recent denial by the premier of New Brunswick of having received such permission, as reported in the newspaper *L'Evangéline* of April 6, will the minister also undertake to find out on what date such permission was received by the premier of New Brunswick and report to the house accordingly?

Mr. Balcer: This matter is outside my jurisdiction. I shall be pleased to supply the date on which this reply was sent, but I cannot tell on what date it was received.

Mr. Robichaud: I rise on a question of privilege, Mr. Speaker. My question of privilege has to do with the rights of members of parliament to get truthful replies to their questions.

Some hon. Members: Oh, oh.

Mr. Robichaud: There is a controversy here, and this has to do with my question of privilege. On March 30 I asked a starred question and a reply was given by the Minister of Agriculture (Mr. Harkness). The question was:

1. Has a request been received from the government of the province of New Brunswick asking for permission to table in the New Brunswick legislature the exchange of correspondence between the New Brunswick government and the federal government, in connection with East Saint John thermal power plant?
2. If so: (a) on what date was such a request received; (b) has a reply been given; (c) what was the nature of the reply?

The minister replied as follows:

Mr. Speaker, the answer to part 1 is yes.
The answer to part 2 (a) is February 26, 1960; (b) yes; (c) the government of Canada has no objection to the tabling of documents which are not of a privileged nature, provided the government is informed which documents the provincial government proposes to table.

In the New Brunswick legislature, as reported by the press last week, the premier of New Brunswick denied having received such permission. I think the house has a right to know whether permission was given to the premier of New Brunswick, and on what date it was received.

Mr. Balcer: On the point of order—

Mr. Speaker: Order. I do not think the hon. member's question of privilege relates to the supplying of information in the New Brunswick house.

Mr. Robichaud: It relates to information which was supplied to this house and which is being denied outside of this house.

[Mr. Balcer.]

PRIVILEGE

MR. PICKERSGILL—ALLEGED INCOMPLETE RETURN RESPECTING PAYMENTS TO PROVINCES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): In wonder if I could ask the Acting Secretary of State whether he has yet had an opportunity to look into the return I mentioned on a question of privilege last Tuesday. The return was obviously incomplete, and I asked that the matter should be looked into.

Hon. Leon Balcer (Acting Secretary of State): If I remember correctly, this return was made available on the same day the hon. member intervened, or the day after.

Mr. Pickersgill: I think the hon. gentleman is thinking of another return. Would he have another look into the matter?

Mr. Balcer: Would the hon. member be good enough to tell me what subject his question dealt with?

Mr. Pickersgill: It was on the subject of federal payments to the provinces.

Mr. Balcer: I will look into it.

(Translation):

AGRICULTURE

BUTTER, CHEESE AND SKIM MILK—REQUEST FOR STABILIZATION PRICES

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. On two occasions I asked him whether he had a statement to make about support prices on dairy products such as butter, cheese and milk powder. I was not given any satisfactory answer by the minister. Now I see in "Le Bulletin des agriculteurs" an official announcement concerning butter—

(Text):

Some hon. Members: Order.

Mr. Speaker: So far, the hon. member has been volunteering information rather than asking a question. The rules do not permit arguments or speeches. If the hon. member has a question to ask, would he please ask it?

Mr. Starr: Learning from the hon. member for Essex East.

(Translation):

Mr. Boulanger: Thank you, Mr. Speaker. I was about to ask my question. I should like to know whether reliance can be placed on that announcement, made outside the house, to the effect that the price for butter has been set at 64 cents, that for cheese at 31.5 cents in the province of Quebec and at 32 cents in Ontario, while that for milk powder is reported to be 10 cents.

(Text):

Hon. D. S. Harkness (Minister of Agriculture): I do not know what announcement the hon. member has in mind. It certainly is not within my knowledge, and whoever may have announced it has apparently done so entirely on his own responsibility and without any foundation.

(Translation):

Mr. Boulanger: Mr. Speaker, for the minister's information, and in order that he may be better posted on the matter, I will send him the newspaper clipping I referred to.

(Text):

Mr. Harkness: All I can say is that I am not able to read all the newspapers in Canada; therefore I have no knowledge of what this particular newspaper may have said.

[*Later:*]

Mr. Harkness: In connection with the question asked by the hon. member for Drummond-Arthabaska, may I say that the announcement to which the hon. member referred, and of which he has sent me a copy, is an announcement I made a year ago, an announcement to apply to the dairy industry on May 1, one year ago. The hon. member seems to be a year out of date.

(Translation):

Mr. Boulanger: Mr. Speaker: the announcement in "Le Bulletin des agriculteurs" is for 1960, and not for last year.

(Text):

PORK—DISPOSITION OF SURPLUS HELD BY GOVERNMENT

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the minister a supplementary question. Can he say whether it is a fact that the government intends to turn back to Canadian packers some 90 million pounds of pork and, if that is done, what steps are being taken by the government to make sure that the price to be charged the consumer will be reasonable and fair?

Hon. D. S. Harkness (Minister of Agriculture): That is not the situation Mr. Speaker, I think the hon. member is confused. He is referring perhaps to a news dispatch which I saw, I think, in a newspaper on Friday last—

Mr. Martin (Essex East): Saturday's Winnipeg *Free Press.*

Mr. Harkness: This news dispatch evidently made no distinction between the canned pork we are holding and fresh pork. I should like to remind the hon. member and the house that on March 8, as reported at page 1836 of *Hansard,* I announced that starting April 18 the stabilization board would offer stocks of canned pork—may I emphasize "canned pork"—for sale in the domestic market.

At that time I also stated that it was not expected that the sale of canned pork into the domestic market would have any significant influence on the hog market, the reason being that canned pork is a specialty product representing only a very small portion of the total pork sales, and does not compete directly with the normal sale of fresh and cured pork products.

Further, now that pork products may move freely between Canada and the United States, the most important influence in determining hog prices in Canada is the price level in the United States and, regardless of the volume of offerings of Canadian product, hog prices will not drop below the general level of the United States market.

Actually this is a straight matter of putting back into the market products which we purchased when we were under the old form of price support. As I am sure hon. members realize, it would be completely uneconomic for the government to hold millions of pounds of canned pork and for packers to can more when they are able to sell in the market all the fresh pork they are now securing from current hog deliveries.

Mr. Martin (Essex East): This is the consequence of the government's repudiation of policy.

Mr. Harkness: Mr. Speaker, the hon. member of course is completely out of order in making a statement of that kind. There has been absolutely no repudiation of policy.

Mr. G. J. McIlraith (Ottawa West): A supplementary question, Mr. Speaker. Would the minister give the approximate quantity of canned pork involved in this offering?

Mr. Harkness: Mr. Speaker, I announced to the house some time ago that we had at that time about 100 million pounds of canned pork. We have made gifts for international relief and for distribution to needy cases in Canada since that time representing a considerable volume of pork, something over 20 million pounds at present. I refer to canned pork, of course.

The amount of canned pork we now hold will be released into the market in keeping with the demand for it. The canned pork we have left will not be thrown on the market in one fell swoop, but will be fed into the market gradually as and when the market is able to absorb it without having any effect on current hog prices.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, a supplementary question. In view of what the minister has just said and

all that it entails, will he be kind enough to inform the house why Canada imports canned pork?

Mr. Speaker: Order. I think we are going beyond the range of proper questions on orders of the day. This may be a matter for debate.

Mr. Harkness: Perhaps I should answer that question if I may, Mr. Speaker. The point is that normal trade goes on between Canada and other countries. Other countries have been sending a limited amount of canned pork of specially prepared types to this country for many years and are continuing to do so.

PUBLIC BUILDINGS

OTTAWA—SAFETY CONDITIONS OF NO. 8 TEMPORARY BUILDING

On the orders of the day:

Mr. M. W. Martin (Timmins): I wish to address a question to the Minister of Public Works. I may say that this would normally be a question for the order paper, but I understand there is no time for that. In the light of the imminent move of the trade mark office to No. 8 temporary building, could the minister inform the house whether adequate notice has been taken of (a) the design load of the building, (b) the actual load of the office, and (c) the safety factor?

Hon. D. J. Walker (Minister of Public Works): I will be very happy to accept this question as notice.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR LATEST STATISTICS

On the orders of the day:

Hon. Paul Martin (Essex East): The Minister of Labour made an interjection a moment ago, and that caused me to remember that I have a question to ask him. Can the minister give us the latest figures for unplaced applicants as of March 31? If the hon. gentleman has not these figures available, will he kindly supply them by tomorrow, or before we adjourn in order that the country may have an appreciation as to whether this problem continues to be the serious one I believe it to be?

Hon. Michael Starr (Minister of Labour): I do not have these figures available. As soon as they are available I will give them to the house.

Mr. Martin (Essex East): Will the hon. gentleman try to have the figures available by tomorrow?

[Mr. Winch.]

Mr. Starr: I receive them; I do not issue them.

ALBERTA—REPORTED PROTEST AGAINST RAILWAY EMPLOYMENT CONDITIONS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Prime Minister. Unfortunately I have not been able to give him notice, and I shall be content if he answers it on another occasion. Has the right hon. gentleman received a letter from the brotherhood of maintenance of way employees, Alberta lodge, protesting against the abolition of sections, and also the drastic cut being made in maintenance of way forces, in which it is urgently requested that the Prime Minister use his good offices to inquire into these employment conditions? Has the Prime Minister made such inquiry and, if so, with what result?

Right Hon. J. G. Diefenbaker (Prime Minister): I shall have to look at my files to see whether I have received the message in question. Having done that, I shall be able to give the hon. gentleman an answer.

Mr. Chevrier: It was sent on April 4.

BUSINESS OF THE HOUSE

CONSIDERATION OF PROCEDURAL AND ADMINISTRATIVE TRIBUNALS ANNOUNCED BY PRIME MINISTER

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I wish to direct a question to the Prime Minister. I wonder whether the right hon. gentleman could let the house know before the Easter recess what the government's plans are with respect to the three procedural and administrative tribunals which, he said, would be the subject of government action; the scrutiny committee, the procedural commission and the royal commission on the civil service.

Right Hon. J. G. Diefenbaker (Prime Minister): I am trying very hard to get on with the business before the house. We have made some progress in the last few days and in the 63 days we have sat so far. When we conclude the budget debate, immediately after the recess we shall be in a position to deal with these very important matters.

FINANCE

REPORTED BANK DECISION TO CHARGE DISCOUNT ON U.S. SILVER

On the orders of the day:

Mr. Arnold Peters (Timiskaming): I should like to ask the Minister of Finance the following question. In view of the statement

carried in many Canadian newspapers relative to the decision of the chartered banks to charge an additional discount on United States silver coins, will the minister inform the house whether he or his department was consulted on this question, and what effect the decision may have on monetary policy and on financial relations between Canada and the United States?

Mr. Speaker: I do not think that is a matter which is the administrative responsibility of the minister, but the minister himself may have different views and, if so, I shall permit an answer to be given. But it seems to me this is a matter which is within the jurisdiction of the banks.

Hon. Donald M. Fleming (Minister of Finance): Precisely so, Mr. Speaker. This is a decision which the banks have evidently made within their own sphere of responsibility. There has been no consultation with the Department of Finance as far as I am aware.

Hon. Paul Martin (Essex East): A supplementary question. If there had been any consultation, what would have been the attitude of the Minister of Finance?

Mr. Fleming (Eglinton): Constructive, as usual.

HOUSING

NORTHERN ONTARIO—REPORTING OF BONUSES BY MINE WORKERS

On the orders of the day:

Mr. O. J. Godin (Nickel Belt): I wish to address a question to the Minister of Public Works. Is it true that applicants for loans under the provisions of the National Housing Act—and I am referring now to people resident in northern Ontario—have to report the bonuses paid to mine workers, an amount which is unascertainable from year to year? if this is so, would the minister not consider having that regulation withdrawn and the question removed from the application papers?

Hon. D. J. Walker (Minister of Public Works): I found it difficult to follow the hon. member, but I shall be very glad to accept his question as notice.

INQUIRIES FOR RETURNS

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): May I put a question to the Minister of Public Works. Would the minister be good enough to try to make available before the Easter recess the return relating to the housing development at St. John's, which was ordered a few days ago?

Hon. D. J. Walker (Minister of Public Works): I will certainly do my best to oblige the hon. member.

Mr. H. J. Robichaud (Gloucester): I wish to address a question to the Acting Secretary of State, and ask him if he is now in a position to answer the question I put to him on Thursday April 7 in reply to which he said he would inquire and give an answer later.

Hon. Leon Balcer (Acting Secretary of State): I think the Minister of Northern Affairs and National Resources will answer in my place.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I have been away for a few days. The return asked for by the hon. member will be tabled right away.

(Translation):

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I put a question to the Postmaster General.

Almost two months ago, on February 15 last, I put a question on the order paper that was passed as an order for return on February 17, 1960. It was about the organization of flying squads in Montreal by the Post Office Department. Can the minister tell me if I may expect an answer shortly?

Hon. W. M. Hamilton (Postmaster General): I hope to get an answer during the week end, Mr. Speaker.

Mr. Chevrier: Let us not forget that the house adjourns on Wednesday.

Mr. Hamilton (Notre Dame de Grace): Before Wednesday, then.

(Text):

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Friday, April 8, consideration of the motion of Mr. Fleming (Eglinton) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson.

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): Mr. Speaker, debate on the budget fortunately allows one to comment not only on what the budget contains but on what it does not contain. The budget seems to lean toward the latter to such a degree that it could in fact be called the vacuum budget.

However, there was a nostalgic reminder of the past in the budget speech. Certainly when the Minister of Finance praised the qualities of thrift it was like a voice from the past. "Thrift" is a word we do not hear much nowadays, and I thought it might have been dropped from the English language. During the golden age of Liberalism it was not needed much, but like other words which have fallen into disuse—"unemployment", for instance—it has been been brought back into current usage by the Conservatives. Doubtless the language is the richer for it, even if the people are the poorer.

Thrift is doubtless a good thing. There is no doubt but that many of us would be better off—if we practised it, or if we made it a motto to make things do and to wear them out, but what would happen to an economy based on spending I would hesitate to say. Certainly there are many people in Canada today who have to practise thrift whether they like to or not.

The rosy description of our soundly based economy was heartening, and no doubt it must be comforting to the multitude of unemployed to know they are living in the midst of such prosperity. However, it is not considered good form to mention unemployment. In fact, to do so is to court the charge of being a Jeremiah. Unemployment must be ignored. Officially it does not exist.

I noted with interest what the hon. member for St. John's East said regarding the position of Canadian citizens working on United States bases. I am pleased, as he is, to hear that their status in respect to pension rights has been recognized. I trust that this includes those working on the Goose Bay air base in Labrador. I feel I should point out that the base in Labrador was not included in the original bases deal, and part of the air base at Labrador has been leased by the Canadian government to the United States under different circumstances.

I also noted with interest the hon. gentleman's comments on vocational training. I would ask him to use his influence with the Minister of Labour to adopt the proposals of the Liberal party as put forward by the hon. member for Bonavista-Twillingate, namely that the federal government should itself bear the full cost of vocational training for the unemployed instead of trying to push half of it on the provinces which already provide the vocational training schools.

So much has been said over the years about the fisheries, and particularly the salt codfish section of the industry, that I rather hesitate to discuss it further. But I believe so strongly in the importance to Canada of the fishing industry that I ask the patience of the house while I refer again to Canada's oldest industry, which is still very valuable and which can be much more valuable in the future, both to Canada as a whole and to the individual fishermen.

From time immemorial fishing, like farming, has been one of the basic industries of mankind. The fisheries were very important to the countries of Europe away back in 1497, when John Cabot sighted Bonavista and in reality discovered Canada. When he returned to England he reported that the waters of the new found land were full of fish, and the very next year English merchants were outfitting ships to voyage across the Atlantic to the new fishing grounds. Soon the French, the Portuguese, the Basques and the Spanish were fishing in the waters of the new world. From that day to this the waters of Canada's east coast have been fished by many nations. Today, as in the closing days of the fifteenth century, the flags of many nations dot the seas off the coasts of Newfoundland and Labrador, and over the years the fishing industry has been a very important factor in the economy of eastern Canada.

However, less attention is paid to the fisheries today than in the past. There is reason for this. The industrialization of central Canada, the wealth which industry has brought, and the huge agricultural industry of the west have drawn public interest away from the old maritime pursuits, the fisheries of the Atlantic provinces. This is understandable, but it could be fatal to a large segment of our population. I do not dispute for a moment the right of the more prosperous and populous parts of Canada to press their problems and to advertise their progress. Rather, I applaud them for it. As Canadians we are all proud of the might of industrial Canada and of the glorious productivity of our land. What I do regret is the lack of public support for an industry which is vital to the survival of the Atlantic provinces.

It has been said in criticism that if the fishing industry cannot support itself it had better disappear; that if fishermen cannot make a living catching fish they should get better jobs elsewhere. On the face of it such criticism appears to be just. In any case, that is what is happening; and if the trend continues—and the downward trend is confined not only to the fisheries—the end will be the depression and depopulation of the Atlantic provinces. But in a nation growing at the rate Canada is growing we cannot afford to let any industry disappear. Every part of our national wealth must be exploited, and the waters off the northeastern coast of Canada are wealthy with food. There is no need for

the Atlantic provinces to be a depressed area; there is no need for the fishing industry to disappear.

It is granted that the industry is an old one, but age in itself is no yardstick of vitality. For instance, the wine industry is one of the oldest in the world, but today it is not considered to be a bad investment. The fishing industry has had its ups and downs, but so has every other industry. The real trouble, sir, is first, that the fishing industry has changed too litte over the years; it has failed to embrace modern methods quickly enough; second, it is facing heavily subsidized competition. Canadian fishermen must compete with the Portuguese, the French, the Icelanders, the Russians and many others, all of whom have the benefits of substantial government subsidies. Somehow we must effectively solve these two problems.

With respect to the former, the need for modernization of the fisheries, much has been done in recent years. We can take some satisfaction from the vast changes which have taken place. True, they came late but much progress has been made in the industrialization of the fisheries in recent years. Prior to the last decade or two there had been very little change in the way of catching fish. Looking through an old history of Newfoundland some years ago I saw some old drawings of fishermen of the sixteenth century, showing gear, stages, dress, and so on, and I was shocked to note that little change had taken place. To try to operate a fishing industry today, using ancient methods, is like trying to run a modern farm with hand implements, like attempting to meet the world need for grain with hoes and the single furrow plow.

It is no wonder that fishermen found it difficult to make ends meet and often quit the sea to get jobs ashore. But in recent years, and almost too late, the cod fishery has been partially industrialized. With provincial and federal aid modern plants have been built, handling both fresh and salt fish, and where these plants are operating the way of life has changed. While the industrialization of the fisheries was getting under way many fishermen quit the fisheries. Young men are not making fishing their profession because of the bad economic history of the industry. I am convinced that a danger point is being reached. Industrialization has come too late to save the industry without additional steps being taken to complete its rehabilitation. While a commercial revolution has been taking place, the fishermen have been disappearing. I would impress this upon hon. members. You can make a farmer into a miner, you can make a labourer into a mechanic, but a deep sea fisherman has to be bred to the job.

Now, mark you, most fishermen and sons of fishermen would prefer to follow the sea, with its freedom and rich experience. This is not just a pretty story but is in fact the truth. I have met many fishermen and sailors who want to continue to follow the sea, but who quit it because they could not make a living at it. While the good effects of the industrialization of the fisheries are spreading out to the remote areas, something must be done to encourage fishermen to continue fishing, to make it possible for them to continue fishing, or one of these days we will find ourselves with modern plants and no fish for them. If we lose a generation of fishermen we will lose a great industry in Canada.

But this need not be so. Action can be taken to save the industry, speed up the industrialization and make a profit for Canada. The good work being done by the federal Department of Fisheries and the provincial department of fisheries in research, active aid, and so forth must of course be continued. But of immediate concern is making money available to fishermen so they can continue to fish.

Let me illustrate. On the Labrador coast today—and the waters of Labrador are one of the great sources of supply; I will come back to this later—there are many fishermen who have lost stages and fishing property through storms. Their boats and gear are worn out. Salmon nets are ragged; cod traps are full of holes. It is beyond the ability of the fishermen to get the necessary materials to repair their nets and traps, to build new boats, to buy engines and equip themselves to be able to prosecute the fisheries efficiently. It is impossible for them to do this without help. There is need, and need now, for active federal assistance to fishermen to replace worn-out gear.

Money must be made available by loan or grant to see them through this difficult period. Present loan schemes are neither ample nor workable. Capital must be made available. It must be made easier for fishermen to get up to date equipment. Believe me, it will pay the nation to do this. The community stage program must be continued and extended. It must include Labrador, because the fishing plants of Nova Scotia and Newfoundland have to look more and more to Labrador for their supply. Within a few years I predict that Labrador will be more important than ever to the fishing industry. If we do not recognize what the Russians and others are even now capitalizing on we will regret it forever. At all costs there must be more attention paid to the Labrador fisheries. The replacement of property is of tremendous

importance. Several of these community stages must be built in Labrador this year.

The bait service, considerably improved, must be extended rapidly. A perennial shortage of bait has cost this country untold millions over the years. Research into artificial bait should be stepped up. The building of more fish plants must be encouraged. There must be more fish plants, with more fishermen fishing more efficiently and making more money per man. These things can be done at comparatively little cost. Let me repeat that the two great enemies of our oldest industry are tardiness in accepting change and the heavy government subsidies paid to our competitors. Certainly we can beat them both.

However, the fate of the industry rests right here. Only if the representatives of all of Canada make the fishermen's business their business and the Atlantic provinces' business their business can we hope to save a vital industry and a noble region of Canada. If for no other reason, national pride should make us want to do something about looking after our own interests.

Last fall while I was in northern Newfoundland there was a large ship and a flotilla of smaller ships inside the Grey islands. They proved to be a Russian supply ship and a fleet of Russian trawlers. It is known that Russian ships were still fishing in Labrador waters in February of last year. French and Portuguese trawlers come into St. Anthony for supplies. And I could go on. The ships of many nations are fishing Newfoundland and Labrador waters. In summer in my home town of Catalina on the northeast coast, sometimes the bay outside the harbour looks like a city as the lighted ships of a foreign fleet fish at night inside the three mile limit. Canadian waters are a happy hunting ground for the nations which know the value of the wealth in our waters. This is something that most Canadians apparently do not know and, what is worse, do not seem to care about. I think the proposed 10-year delay in protecting fishing rights in our coastal waters is regrettable and dangerous.

We stand to lose our fishing industry on the northeast coast of Canada. We stand to let the Labrador waters be lost to Canada in every practical sense. I say we cannot afford it. No matter how wealthy Canada is, she cannot afford it. The cost of rebuilding and making the Labrador fishery profitable is trifling compared with the reward. I say we cannot afford not to do this; and yet the Labrador coast is neglected. Despite the trifling cost of inexpensive radiotelephone sets, the fisher folk have little or no means of communication. They try to survive under primitive conditions, without aid or interest, while the efficient ships of Russia reap the wealth of their waters.

However, while the coasts of Labrador await the attention necessary to development, the interior of Labrador, practically unknown and unexplored since creation, is now beginning to yield up its secrets and its wealth. The developments now in process in this unknown territory promise to make it one of the most important and wealthiest parts of Canada and, indeed, of the world.

A great change has taken place in the public attitude toward this unknown land in recent years, though I do not believe the scope of exploration and development is yet fully appreciated. Early explorers were astonished by the forbidding, fortress-like coasts of Labrador, the vastness of the Labrador wilderness and the barrenness of its northern mountains. It was early dubbed "the land which God gave to Cain". In 1770 Captain George Cartwright, who voyaged to Labrador, wrote:

> One is insensibly drawn to the conclusion that this country was the last which God made, and that He had no other view than to throw together there the refuse of His materials as of no use to mankind.

However, despite that bitter observation Cartwright continued to voyage to Labrador for 16 years, and it is interesting to note in his journal that he thought he had detected the presence of iron ore. There were valuable materials in what Cartwright called the refuse of creation, for today the iron ore deposits of Labrador are of unimaginable importance to the economy of North America. In my opinion Cartwright did not do justice to this vast and impressive land, for no one can visit Labrador without being impressed by its grandeur, its iron-ribbed strength and its brooding immensity. In Hamilton inlet, where the great fortress of Goose Bay is located, even the weather is extremely good.

In recent years a modern saga of exploration has taken place in the Labrador. The bush plane on floats or skis, the men with sleeping bags and parkas, are the modern pioneers of a new front for civilization. There was little in the way of recorded data to go on, but huge deposits of iron ore and great potentials of water power were thoroughly investigated.

The water power of Hamilton falls is stupendous. The capacity is estimated to be about four million horsepower or more, with a possibility of another two million horsepower being available after the upper water power has been developed. That is a potential of six million horsepower, and the lower tributaries may well add another five million

horsepower. The British Newfoundland Corporation has spent several million in exploratory work, and in 1956 an access road was built from the Quebec, South Shore and Labrador Railway to the Hamilton river, a distance of 104 miles. I might add that 56 miles of this road were graded to a standard adequate to handle wheeled traffic.

This year the company will build a 120,000 horsepower hydro plant near Hamilton falls. The surveys have been completed and the preliminary work started. The project, including transmission lines, is scheduled to be finished in 1962. The power generated by this plant will be used at the new iron mines which are opening up in the Wabush lake area of Labrador, 110 miles away. Thus two of the great natural resources of Labrador have been linked together. The Iron Ore Company of Canada and Wabush Iron Company Limited will be the customers.

The great iron ore deposits of Labrador are being developed. A railway is being built there. A pilot plant is in operation. A town is springing up, and soon in what was once wilderness a modern town of several thousand people, with modern schools, hospitals and all the appurtenances of civilization, will live, move and have its being in what was once a remote and unknown land. It may be that God did not give this land to Cain after all; he gave it to Canada.

Here are northern development and the northern vision being fulfilled. We have heard much about visions and northern development during the past two years, but while the great northern vision of the administration seems to be fading like a disturbing mirage, in Labrador there is vision and fulfilment. I am not one to scoff at vision. I deplore the lack of it. The proof of what vision and patience can do exists today in Labrador. It is a great vindication of the vision of the premier of Newfoundland and others who believed in the practicability of northern development.

I would hate to see the northern vision, of which we heard so much during the prophetic winter days of 1958, die until the need for prophecy arises again. I believe the northern vision must go to meet the northern lights in Labrador. Here is a great new country of proven wealth. Here are known resources to be developed. Here is a region so large that a great agency like the federal government is needed to bring it the necessary public services. Here is a need for roads to known resources. Here is a place for federal enterprise in opening up a great new and wealthy land. Federal roads to resources, such as a road from Seven Islands on the St. Lawrence to Goose Bay, Labrador—these are the things to inspire and challenge the vision of a great new northern development even now coming lustily alive.

I have talked much of Labrador, Mr. Speaker, and of the old industry declining on its coast as well as the new industry beginning to flourish in its interior. Both have a great potential for our nation, and I am sure all Canadians, as they get to know this new land of Labrador, will be proud to count it as part of their country, even as I am proud to be its representative in parliament.

Mr. C. F. Kennedy (Colchester-Hants): Mr. Speaker, in rising to take part in this debate I should like first to congratulate the Minister of Finance and this government upon the budget. Being one who is proud of at least some of the thinking of my Scottish ancestors, it gives me very great satisfaction to see that the forecast is that we will come out on the right side of the ledger. Those in responsibility on this side of the house have every right to be proud of the fact that they have directed the public affairs of this nation and given the leadership necessary to bring us through a period of difficulty. Now we are in a position to indicate to the people of this country that they can look forward to prosperity and development on a pay as you go basis.

The position we have now reached as a nation has not come about by mere chance but is the fruit of careful planning and prudence, coupled with the unselfish application of the resources of our people in every walk of life. It is gratifying also to observe, especially during the last few years, not only the growth and progress economically but also the trend toward moulding a more united nation, made up of so many ethnic groups and based upon our British and French heritage. Let those who have assumed responsibility, and indeed this should include every citizen of this country, not accept all these blessings lightly and become complacent. There are many influences around us which, if we are not on our guard, will seek to destroy the high standards and principles which have become ours, not only through our own efforts but as a result of the sacrifices of those who pioneered in this great country.

In the last few years there has been a tendency for more and more people to call upon the government to enter more and more into business and private lives. I hasten to point out that it is generally recognized that the more we demand from government, the more of our individual freedom we sacrifice. The strength of a nation, I submit, lies not

in regimentation and control but in the initiative and industrious capabilities of the individual, working in an atmosphere of free enterprise.

The geographical location and nature of this country while having many advantages, also has some disadvantages. First, Canada stretching across the northerly part of North America is subject to extremes in seasonal climatic conditions, and this tends to raise many difficulties in the competitive production of many of the goods required on world markets. Because of this fact we have always been faced with a problem in providing year-round production in many things and this results, of course, in the problem of maintaining steady and full employment for all classes of workmen. Our climatic factor also concedes advantages in the seasonal production of various items to our great neighbour to the south and, in this regard, contributes in no small way to the present trade deficit with our neighbour. If we are to continue to enjoy the luxury of many consumer goods which because of climatic conditions can be produced earlier or only in the south, we must contiually open up new developments here and streamline production in such a manner that we can sell more to bring our trade ledger more into balance.

Second, this country stretching from sea to sea for a distance of nearly 4,000 miles has many transportation problems. The bulk of our population and manufacturing industries have been concentrated in the mid-eastern section. This, of course, has created many difficulties, both in distribution and marketing, for the lesser populated areas which lie in the western and Atlantic areas. If, for example, we who live in the Atlantic provinces are to develop our economy and enjoy the full resources of the country, it is necessary that steps are taken to realistically equalize this cost of distribution so it will be shared by all Canadians. When this great country was brought together in confederation it was intended that all citizens should share equal rights and privileges. Since that time we have shouldered the burden imposed by protective tariffs, and we in the Atlantic provinces have not been afforded equal treatment in that we have been, and still are, bearing additional burdens brought about by continued costs in transportation.

Before confederation, because of access to the water trade routes of the world, transportation was not a problem. However, after confederation tariffs robbed us of access to this trade in order to protect manufacturing which was mostly located in central Canada. Import tariffs, the benefits of which accrue to the national treasury, are nothing more than a form of subsidization, because the one who buys the product thus assessed pays the shot. Why then, I might ask, are we who live in the extremities of the country not entitled to subsidization which would make us equal in the other respects?

For example, let us look at the distribution of products which are manufactured locally but sold on a national scale. It is my considered opinion that if it is not reasonably possible or practical economically to diversify some of these factors, then the products produced in this manner should bear the same price tags at distribution points all across the country. For example, let us consider the standard automobile. The standard automobile costs over $100 more in Windsor, Nova Scotia than it does in Windsor, Ontario. If these prices were equalized it would only mean a slight increase to the many buyers in Ontario, but would mean a major reduction in price to the buyers in the extreme areas.

Mr. Martin (Essex East): Excise taxes should be eliminated, and that would help a great deal.

Mr. Kennedy: I am sure that unless some steps are taken to rectify this situation with regard to these types of manufactured products, their customers located on the seaboards are going to look more and more to the advantages of buying imported articles; and I am sure everyone will agree that this procedure will not help to keep the factories going in this country. It is my opinion that this matter might bear close examination by the manufacturers concerned.

Last Friday the hon. member for Vancouver East, in speaking of the heroic town of Springhill and mentioning the few industries introduced into that community in the last year, was either unaware of or deliberately failed to mention the following fact, namely that a Nova Scotia company is opening a new mine in the town which will employ approximately 200 men. The company is being assisted in great measure by the very progressive provincial government of Nova Scotia.

Mr. Winch: Mr. Speaker, may I ask the hon. member a question?

Some hon. Members: No.

Mr. MacEwan: He would not listen to me. Don't give him the floor.

Mr. Winch: May I ask a question?

Some hon. Members: No, no.

Mr. Speaker: Order.

Mr. Winch: Very well.

Mr. Kennedy: A good deal has been said during this debate with regard to the government's attitude toward the civil service. Some of those affected in my constituency express pleasure in that, since this government has taken office, they have already received two substantial pay increases and a good medical plan for which the government pays half the cost. The empty arguments of some hon. members opposite only show that they still have not learned that grass is better fodder than brass.

Hon. members opposite have had a good deal to say with regard to Canada's participation in continental defence. Surely they must realize that we are receiving a great degree of protection in view of our modest contribution. It is unthinkable that the people of this country could bear the burden of a go it alone plan. If they examine the present arrangement carefully they will find that under the policy of this government we are not only receiving reasonable defence but are also sharing in the production program to a extent which means a great deal to the economy of our country. In this age of missiles and electronics, techniques and defensive designs are changing so rapidly that the implements under development are liable to be obsolete before they reach the practical stage. It is therefore necessary to gamble to a certain extent beyond the foreseeable future.

Some hon. members opposite, in being critical of our program, seem to forget the colossal blunders made by the former government when they sat with it on this side of the house. I wish to remind them of one which hits close to home. For instance, the establishment of Camp Gagetown in New Brunswick, at a terrific cost to the public, certainly could not be justified, and so far as I am concerned involved the spending of huge sums of taxpayers' money and resulted in the ruination of the economy of such communities as Debert and Aldershot in Nova Scotia where facilities to meet the required military need already existed to a large extent.

Earlier I referred to our trade deficit with other countries. It is to be noted that we also have a considerable deficit in our tourist spending. It would be a terrific boost to our economy if we could encourage our own people to spend their vacation dollars within the boundaries of this country and, as a matter of fact, it should be possible to attract more tourists from other countries. I wonder whether we in the Atlantic provinces have explored all the possibilities. I am thinking at the moment particularly of the hundreds of miles of ideal bathing beaches along our shore lines, which I daresay are practically unknown to the people a few miles inland. If hon. members of this house and their families have an opportunity to spend a week or two in partaking of the pleasure of salt water bathing and sunshine on one of these beaches, I am sure they will wish to return every year thereafter. Many of these beaches could be made more accessible and attractive by the owners themselves and at little cost.

I would commend the exploration of these resources especially to the municipalities as a field in which they could well increase their revenues at little or no cost. Local boards of trade also might well study the economic value of such developments to the locality concerned.

We in Nova Scotia are deeply grateful to this government for the special financial assistance which has enabled our municipalities more or less to hold the line in taxation and at the same time expand social, educational and health services. I am firmly convinced that under the positive policies of this government and the dynamic leadership of Premier Stanfield, Nova Scotia will continue to forge ahead even more rapidly than in the past year.

Mr. Winch: I wish to ask the hon. member a question. I waited until he finished his speech in order to do so. May I ask the hon. member whether the company which he said was going to open a mine and employ 200 men in Springhill is the same company that received from the government of Nova Scotia a financial contribution for drilling, and has now made an additional application for more money but has given no indication of doing anything beyond drilling? Is that the same company he has in mind?

Mr. Kennedy: Not to my knowledge.

Mr. Speaker: I recognize the hon. member for Beauce.

Mr. Hellyer: I wonder whether I might put a question to the hon. gentleman. Can the hon. gentleman give us the dates of those two measures providing for salary increases to civil servants to which he referred as being introduced since the present government came into office?

Mr. Kennedy: No, I have not that information. One was just the other day.

Mr. Hellyer: The $15 million one the other day?

Mr. Kennedy: That is the one.

Mr. Winch: Will the hon. member answer this question? Because of his statement when he challenged my statement in the House of Commons, will he give the name of the

company which is going to provide employment for 200 men in a coal mine operation in Springhill? Will the hon. member do that?

An hon. Member: You made your speech.

Mr. Speaker: I recognize the hon. member for Beauce.

Mr. Winch: Will the hon. member do that? Of course he does not dare do it.

Mr. Bell (Carleton): We are not in committee.

Mr. Speaker: I recognize the hon. member for Beauce.

(Translation):

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, at the outset of my contribution to the budget debate, may I take this opportunity to express my deepest sympathy to those of my constituents who have suffered hardship from the Chaudiere river floods. I know that a number of my constituents have again been affected this year and have sustained considerable losses.

I cannot help sympathizing with them, and I also hope that those who are still worried will not suffer further losses, whether they are city dwellers or people with farms along the river banks.

I also hope that some agreement may be reached between the responsible government and the federal government to eliminate this annual danger.

Mr. Speaker, there is a very legitimate tradition for taxpayers, i.e. to wait with some anxiety and impatience for the budget speech because they want to know the policy of the government and the prospects for the coming year.

This year, as in the past, the Canadian taxpayer was wondering what changes would be introduced by the Minister of Finance (Mr. Fleming), if any change was to be expected at all, as under this government, we have got used to annual deficits, which, of course, prevent the minister from providing any reductions in personal income tax.

The budget presented by the Minister of Finance on March 31, does not contain any important fiscal change, as the minister himself has admitted, but he is optimistic and hopes that 1960-1961 will show some improvement.

He believes, for instance, that Canadians will earn more and pay the government $1,750,000,000 in 1960, instead of $1,555,000,000 as in 1959.

This prosperity, according to the minister, will also extend to business corporations which will pay the federal treasury $1,340,000,000 instead of $1,140,000,000 in 1959.

The minister also hopes that customs revenues will rise by $51 million during the next financial year and that the sales tax will also bring in $59 million more than in 1959.

Consequently, the greater portion of additional revenue which the government hopes to raise during the financial year 1960-61, i.e. an amount of $591 million, will come mainly from direct taxes on individuals and corporations, representing an amount of $395 million, i.e. a percentage of 66.

Individuals will therefore account for one third and corporation for another third of the additional income which the minister hopes to secure in order to reach a $12 million surplus.

I hope, as do all taxpayers, that those forecasts will materialize, because at that time, they would indicate improvement in our economy, at least from the point of view of gross national product.

But I am inclined to agree with my colleague for Kenora-Rainy River (Mr. Benidickson), that we will face another deficit and that the supplementary estimates will be higher than foreseen by the Minister of Finance.

Since this government has been in office, it is the first balanced budget that the Minister of Finance has attempted to introduce, and here again we will have to wait until next year to know whether he has achieved his ambition or if he has been over optimistic.

However, in spite of the minister's optimism, we can hardly forget that right now there are more than 800,000 unemployed in Canada.

We cannot forget either, that the net income of farmers decreased by 7 per cent in 1959.

Those are two fields for which the Minister of Finance does not foresee any rapid solution which could warrant his hopes for 1960-61.

In his budget speech, according to page 2685 of *Hansard* for March 31, 1960, under the heading Summary and Conclusions, the Minister of Finance admits that the total loss of revenue from the relieving amendments could add up to as much as $2 million, and he admits also that those changes represent only some corrections. Therefore, there are no exemptions, and the 1960-1961 budget is based merely on optimism, in so

far as the balancing of the budget is concerned. Supposing the hopes of the Minister of Finance do not materialize completely, I wonder what will happen to the unemployment insurance fund, because if business does not improve or at least does not improve sufficiently, there will still be unemployment unfortunately. We know that in the last fiscal year and during this one, the Conservative government has not taken, or does not want to take, any steps to eliminate the economic evil which is unemployment.

In agriculture, for the year 1960-61, will the government maintain support prices at their present level? We all know how much farmers are disappointed and anxious over the new system of deficiency payments. That is the reason why they have been urging the government to maintain support prices on butter and cheese, and to establish a new support price on milk powder. I sincerely hope that the government will give special consideration to these highly justified demands of farmers.

We also note that, in the last fiscal year, imports rose by 9 per cent, whereas exports increased only 5 per cent. This means that, from this angle, the Tory government has done nothing to reduce our trade deficit, and if the yield of customs duties in 1960-61 is $51 million more than last year's, as expected in the budget, it means that we can expect a further rise in our imports, and therefore our trade deficit will be still larger in the next fiscal year.

We, in Canada, have the facilities for greater production, because we have the manpower and the raw materials. What is lacking is markets. Yet, according to an item which appeared in *Le Soleil* for April 29, 1957, here is what the Prime Minister of Canada stated:

Mr. Diefenbaker accused the Liberal government of partly destroying our economic independence by allowing an unfavourable trade balance to accumulate between Canada and the United States, a balance which now reaches the figure of $1½ billion, an all-time record, and by allowing foreign capital to invade Canada to such an extent that the *Financial Post*, that great business newspaper, wonders how long Canada can retain its separate entity, in view of the increasing control of foreign capital in Canada.

Mr. Speaker, those were the words of the Prime Minister in 1957. We are now in 1960, and he has been in power ever since that time, and yet he has not done a single thing as far as our trade deficit is concerned.

Here is what he said on the same subject in Brockville, on May 8, 1957, as reported by the *Globe and Mail* for May 19:

(Text):

In a major policy statement, John Diefenbaker tonight outlined the steps the Conservative party would take to counteract Canada's increasing unfavourable balance of trade and to assist small business.

Steps must be taken immediately, he said, to encourage the development of Canadian production to reduce and ultimately eliminate adverse trade balances.

To encourage trade, he underlined, Canadian individuals and institutions should be encouraged to participate to a greater extent in the equity ownership of foreign-owned Canadian corporations.

One of the best ways to produce this result, Mr. Diefenbaker added, would be the revision of taxation laws to encourage a larger degree of Canadian investment.

(Translation):

Those are the words of the leader of the Conservative party and, at the time, he surely did not know that the voters would try him out by electing him Prime Minister.

What is the Conservative government doing to alleviate this problem? Absolutely nothing.

In another field, we see that during the last fiscal year, the federal government paid over to the provinces $149,800,000 for hospital insurance purposes. This amount, for all practical purposes, comes from taxes collected by the federal government to be redistributed to the provinces under the hospial insurance plan.

It is unfortunate that the province of Quebec, while sharing in the costs of this program, does not yet share in its benefits.

This hospital insurance program came into operation, in fact, in 1959-1960, when all provinces except Quebec decided to participate.

In the province of Quebec, because of the inertia of the Union Nationale government, the measure has not yet gone beyond the study stage.

The financial situation of the government shows us also that expenditures increased by 6 per cent to a record amount of $5,706,800,000.

But here is what the Prime Minister had to say about this. According to the Toronto *Telegram* of May 2, 1957, which reported a speech made in Truro, Nova Scotia, the day before, he said:

(Text):

Mr. Diefenbaker pledged that a Conservative government would set up a commission similar to the Hoover commission in the United States so that the "unnecessary and wasteful federal expenditure could be eliminated."

(Translation):

And yet, since the Tory government has been in office, expenditures have kept going up.

Since the Conservatives got in, there has also been a money crisis; nobody can borrow except at prohibitive rates.

Yet in this regard, according to the London *Free Press* for June 7, 1957, the Prime Minister said in Woodstock on June 6:

(Text):

The Conservative leader criticized the government for its tight money policy which, he said, had paralysed the lumber industry, had levelled prosperity in certain provinces and had jeopardized or ruined small businesses.

(Translation):

And what about tight money? No later than April 7 last, we learned in *La Presse* that the school board of St. Johns, in the Iberville constituency, was refused a loan by a bank in St. Johns.

The article reads as follows:

The Iberville school board needed a $61,000 loan, but it was turned down by the bank with which it had been doing business, although permission to borrow had been granted by the municipal commission. This amount would have been used to pay interest dues on debentures and to pay the teachers' salaries.

It was to be a short term loan, to be repaid in December 1960. The board was counting on its taxes and statutory grants to repay it.

Mr. Speaker, you have there another vivid example of the difficulties encountered by our school boards and our municipal corporations when it comes to borrowing, even for the retirement of loans and urgent work projects.

I have referred to the case of that school board in particular but I must point out that this is by no means an isolated one. I only had to open a recent newspaper to see that similar cases are to be found everywhere.

The tight money situation affects all fields of our economy, including schools, municipalities and industry.

Think of the farmers who, as I said while speaking during the debate on the address in reply to the speech from the throne, went to the banks for loans under the Farm Improvement Loans Act to buy tractors and were told that money was available to customers only. If that is not a tight money situation I wonder what is.

That is the kind of situation created for many of our farmers by the policy of a Tory government which has not tried to solve that problem.

With your permission, Mr. Speaker, I should like to say a few words about the financial situation of our municipalities.

[Mr. Racine.]

In the last few years, the federal and provincial governments have been increasing their taxes, while municipal taxes also went up pretty steadily every year in the form of higher land and sales taxes. Municipal corporations also have a budget to balance, and they only have one field of taxation on which to rely, that is property taxes, a fact which the other governments seem to worry very little about.

I feel that the provincial governments, as well as the federal government, should seek an answer to various municipal problems.

I do not wish to suggest that our governments should meddle with the internal affairs of our municipalities, but I think that the federal government could exempt our municipalities from the excise tax.

I know that many items are now tax-free, but this tax exemption should not cover those items only, but also all purchases that municipalities must make during the year.

Many reasons would justify such a policy on the part of the federal government. In the first place, the federal government does not pay any taxes and, second, the taxes it imposes are deductible for income tax purposes.

We may also consider that taxes collected by the federal government are subject to collection charges. Now, in the present case, collection charges have not been reduced because the government must still control items only, but also all purchases that municitax.

In my opinion, if it has been found advisable not to tax some specific items, this excise tax abatement should be extended to all purchases made by our municipalities.

As I was saying, I am entirely against the federal government intruding or interfering in the internal affairs of municipal administration.

However, since the Prime Minister will convene a federal-provincial conference very soon, we are justified in asking ourselves what part municipal representatives will play at this meeting.

The Prime Minister declared on March 28, in this house, that a federal-provincial conference would take place on July 25, 26 and 27. Following that announcement the Leader of the Opposition (Mr. Pearson) asked the Prime Minister, in view of previous statements with regard to the matter, what would be the municipal participation in the conference. We are still waiting for the

Prime Minister's answer. Consequently, it is quite plausible to think that municipalities will have no say at that gathering.

If the government realizes the present position of municipal corporations, if it is aware of the trouble it caused them by grabbing all available funds to cover its own deficits, it has, in return and in all fairness, the responsibility of granting them full deduction of the excise tax on all their purchases.

Of course what I am advocating for municipal corporations I also want for school boards, for they are now in a position which is similar, if not worse.

In fact, practically every week we read in newspapers about the troubles of many school boards. At times, they even have to face strikes by teachers whose salaries they are unable to pay.

If I am urging the federal government to remove this excise tax, it is not only because I consider it could thus be of help without interfering in the municipal and school fields, but I consider it could in this way legitimately subsidize, under the constitution, the requirements of those municipal and school boards that are now in great need.

Mr. Speaker, you will perhaps find it strange that I should emphasize the fact that the deduction could be made without interference by senior governments, but precisely, I consider it an advantage to be able to help them without asking them anything in return, as a certain Quebec government is doing when it infiltrates itself into those corporations to better control them for political purposes.

It was rather amusing to note how certain Conservative members tried to make the best possible use of this debate on the budget.

The first one to do so was the parliamentary secretary to the Minister of Finance (Mr. Bell) who, following the custom established by the Conservatives, did not fail to ask suggestions from the opposition. The Conservatives keep asking: "What would you do?" As if they were not the ones who had to fulfil the many promises they made to the Canadian voters.

The Conservative member for Laval (Mr. Bourdages) stated, according to page 2905 of *Hansard*, that this was the most sensational budget that we could hope for as far as textile products are concerned, and he went on to say:

> This last budget has caused enthusiasm in cities where the textile industry will now become prosperous.

That is not the kind of comment we read in *La Presse* for April 1, in which it is reported that the reaction of representatives of the textile industry ranges from dissatisfaction to resignation, and that they are disappointed because the protective tariffs for this industry have not been raised high enough.

As for the Conservative member for Vaudreuil-Soulanges (Mr. Bourbonnais), he said very little about the budget. He chose instead to praise the Union Nationale, thereby forgetting that the subject matter of the debate was the budget of the Minister of Finance, his Conservative colleague.

He went on to give us the old story which is well known in the province of Quebec, and told us about the number of schools that were built not by the ratepayers, those who pay taxes, but by the Union Nationale, a party of Conservative trend, as he said according to page 2949 of *Hansard*.

On the other hand, the hon. member for Roberval (Mr. Tremblay), as if it were appropriate for him to do so, took the opportunity to give us a lesson in ethics.

We conclude from this budget that the Conservatives hope that spring will bring about a solution to the unemployment problem; otherwise, as the hon. member for Gloucester (Mr. Robichaud) stated, if spring does not bring any solution, the fund will be depleted by 1962.

We also note from the budget that there is nothing to show that the Conservatives intend to keep the promises they made to Canadian voters in the last two elections.

We note that there is nothing to show that farmers can expect a rise in their incomes, which dropped 7 per cent in 1959.

We note further that housebuilders are concerned, according to a statement made on April 4 by the chairman of their association in Montreal, and I quote:

> The housebuilding industry, Mr. Holmes stated is now going through a very serious crisis, such as it has not known for a number of years.
>
> In the first three months of 1960, he added, the Central Mortgage and Housing Corporation approved four times less mortgage loans than in the corresponding period last year. This year, it has approved 2,800 loans across Canada, as against 8,900 last year.
>
> Mr. Holmes blames the situation on three factors: the attitude of C.M.H.C., the refusal of banks to grant mortgage loans; and the increasing indifference of lending firms.
>
> The housebuilders association realizes that it is up against competition from industry and business, which are more attractive to moneylenders because they offer a higher rate of interest, whereas the rate is generally restricted to 6 per cent on mortgage loans for housing purposes.

Civil servants are also dissatisfied because their demands have only been partially met, and because the salary increases apply only to certain classes. Postal employees will not

be satisfied, since this salary increase does not apply to them; in fact, those 20,000 postal employees, or so, are not included in the 50,000 civil servants who will benefit from an increase retroactive to April 1.

In other words, nobody, except Conservative members, seem to be satisfied with the administration of this government, and if, here and there, we hear rumours about the Conservatives going to the polls in 1961, perhaps it might be a good thing to suggest to them that they do it as soon as possible, because the people would be ready to get rid of them this very year.

Mr. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, allow me, at the beginning of my remarks, to congratulate the Minister of Finance (Mr. Fleming) on the efficient way in which he fulfils his task as Canada's great treasurer. The balanced budget he introduced in the house, on March 31 last, is evidence of his great ability and, at the same time, of the firm determination of the present Conservative government to give the country a sound economic leadership.

I was glad to hear, the other night, the Minister of Finance open his speech with the following words, uttered in my mother tongue:

> In presenting my first budget on June 17, 1958, I drew attention to the fact that never since confederation, had any portion of the budget speech been delivered in this house in the French tongue. I expressed my surprise that in a parliament with two official languages enjoying complete equality every portion of this budget speech has always been delivered in English.

As a member of a constituency where 99 per cent of the people are French speaking, I think it is my duty to thank very sincerely the Minister of Finance for this courtesy towards the racial group to which I belong. His attitude confirms the determination of the present Conservative government to give the French language the place it rightfully deserves in the proceedings of our nation's parliament.

Mr. Speaker, when the minister spoke the words I quoted a moment ago, I stole a glance at my Liberal friends, sitting on my right, who never miss a chance to ask questions whenever anyone makes some slight error or a minor slip.

It was most amusing to see how humiliated and disappointed they were after the lesson the Minister of Finance had taught them. The lesson was the harder to swallow as it came from a member of a Conservative government which in the past, they used to represent as the arch-foe of everything French Canadian. Therefore, in the days following the budget speech, our hon. friends, the Liberals, did not particularly try to play up this incident in the press. They chose instead to minimize the whole thing.

Mr. Speaker, I listened with great attention to the speeches made by hon. opposition members since the beginning of the session, and more particularly since the budget speech. I was surprised to see how upset they were by the minister's budget speech on March 31 last. It was particularly sad to witness the superhuman effort of my good friend and desk-neighbour, the hon. member for Kenora-Rainy River (Mr. Benidickson), trying to criticize the budget submitted by the Minister of Finance. It was certainly a thankless task, as he had to criticize a budget which was most welcome to the remainder of Canadians.

Our people heard with great pleasure that there had been no tax increase. Textile workers in my district and in the remainder of the province rejoiced about tariff protection which, following the report of the tariff board, was announced in the budget speech. And now, Mr. Speaker, allow me to quote from an item, i.e. part of an article published by *Le Courrier de Saint-Hyacinthe* on the budget presented by the Minister of Finance. The title, and I quote, is:

> A balanced budget in Ottawa. Forecast of a $12 million surplus.
>
> The budget presented by the Hon. Donald Fleming, Minister of Finance in the cabinet of the Hon. John Diefenbaker, Prime Minister of Canada, is full of optimism, dispels all gloomy forecasts, and hushes all the cries of dismay and hypocritical innuendoes of the Liberal opposition.
>
> Not only does it forecast a surplus for the new financial year, but it reassures the people in respect of the question marks which are always present at this time of the year with regard to taxes and taxation.

Further on, it reads:

> The strange thing is that the Liberal politicians who proclaimed themselves infallible throughout the country, failed, in their smug complacency to rouse themselves to an awareness of imminent economic perils.
>
> Though they had been warned by their own financial and business experts, who were cautioning them against a future which might cause some uneasiness, they did not even take the trouble to listen to them nor to attempt any preventive gesture.

If we were to believe my hon. friends in the opposition, Canada is a rather poor country where life is rather dismal and hard. According to them, there is nothing

in Canada but unemployment and extreme misery caused by a tremendous load of taxes and duties.

Mr. Martin (Essex East): That is the picture.

Mr. Ricard: To listen to Liberal speeches—

Mr. Martin (Essex East): That is right.

Mr. Ricard: Industries are declining, farmers are facing ruin, workers lead a miserable existence on the verge of bankrupty and so on.

According to them, these are the blackest years Canada and Canadians ever knew.

Some hon. Members: So they are, so they are.

Mr. Ricard: On the other hand, if we were to believe the Liberals, there has never been either progress, or prosperity or happiness in Canada under any but their own rule.

Some hon. Members: That is right; it is true.

Mr. Ricard: They alone are responsible for all beneficial legislation enjoyed by Canadians. All good comes from them.

Mr. Lessard: And so it does.

Mr. Ricard: And all evil, all that is wrong, is blamed on the Tories.

Mr. Lessard: That's true, that's it.

Mr. Ricard: Mr. Speaker, the Liberal troubadours, in their dirges—

An hon. Member: The troubadours—

Mr. Ricard: —make the most of a few weaknesses in our economy. They have not a word for the action taken by this government to correct the poor situation we inherited in June 1957. They are particularly careful not to go back any farther than the last world war. They boast about extraordinary and essential accomplishments under their regime and claim credit for a prosperity which was unavoidable in wartime.

They like to refer to the prosperity which prevailed under Liberal administration and made it possible for them to reach a high level of employment.

Our Liberal friends, while tooting their own horns, quite intentionally forget something. During the next few minutes, I should like to refer to those very details which they chose to leave out of their speeches.

Mr. Speaker, the Liberal members did not utter a word about conditions that prevailed during the years 1926, 1927, 1928, 1929, 1936, 1937, 1938 and up to 1939 when the war got them out of the mess they were in. Farmers remember that in 1928 and 1929, hogs were selling at $4.50 a hundredweight, eggs at 8 to 10 cents a dozen, and butter at about 20 cents a pound.

An hon. Member: When was that price for butter?

Mr. Ricard: On the other hand, workers that are over forty today well remember that, at that time, there was a good deal of unemployment, that it was very hard for heads of families to find work and earn a living and that they had to be satisfied with wages of 10, 15 or 25 cents an hour.

The Liberal members might have added that verse to their dirge.

I have looked through *Hansard*—

An hon. Member: 1930-1935.

Mr. Ricard: —and I found that, at the time, the hon. member for Essex East (Mr. Martin) was not getting up every morning to ask the Minister of Labour if the number of unemployed had increased during the night. Oh, no, it was at the time of the Liberals, when there were 600,000 unemployed.

Mr. Martin (Essex East): The situation is much more serious now. That is why.

Mr. Ricard: Ten per cent of the labour force was unemployed, and our Liberal friends were sleeping, sleeping a deep sleep. At that time, therefore, they were ignoring the workers but now that they have lost the power, they just love the workers. Yes, they love them so much they are pressing them closely on their hearts so as not to hear their impressions on the conditions which prevailed when they were in power.

Here, Mr. Speaker, in support of what I just said, I would refer to a passage from a book entitled: "Official History of the Canadian Army, Six Years of Wars", by Stacey.

(Text):

I quote from page 112:

> Another factor, probably less important in practice, made conscription seem unnecessary in Canada in 1939. The country had not fully recovered from the depression which had begun a decade before, and there was still a great deal of unemployment. Estimates of the number of unemployed at the outbreak of war run as high as 600,000, and the federal government at this time was still making large contributions to unemployment relief.

(Translation):

Mr. Speaker, I should like to point out again that that was under a Liberal government.

Mr. Speaker, in contrast with the dark picture presented by the Liberal members of the present economic situation, I

should like to make a brief review of what has been done by the present Conservative government since it has been in office.

In the field of agriculture, which is the most important basic industry of this country, legislation was introduced right at the first session in order to correct a situation which was detrimental to the agricultural class. The farm price support act, which farmers had been expecting for a long time, was adopted in order to stabilize the prices of farm products. In order that the act, designed to help farmers, might be applied efficiently, a revolving fund of $250 million was set up.

Mr. Speaker, you will no doubt be glad to learn that, as a result of the policy adopted by the government which I have the honour to support, on price support, farmers of my constituency have received more than $262,000.

The sugar beet industry has enjoyed a support price from which it gained an amount of $41,390.70; the subsidy of 25 cents per hundredweight of processed milk, in ten dairying establishments, has yielded to the farmers an amount of $221,523.04. Added to that are deficiency payments on hogs and eggs, which will be paid later in the year.

An amount of $345 million was voted to pay cash advances to western farmers for farm stored grain. Those surpluses had piled up almost entirely under the Liberal administration.

The Canadian Farm Loan Act has been greatly improved. Under the former act, the maximum loan was $15,000, as against the present amount of $20,000, and the percentage of the loan has been raised from 65 to 75 per cent of the assessed value of the farm.

In July 1959, the Conservative government enacted the crop insurance act. The Animal Contagious Diseases Act was also amended to give greater compensation to farmers whose animals are slaughtered under a tuberculosis and brucellosis control program. Mention should finally be made of the amendment to the Farm Improvement Loans Act. An amount of $300 million was voted for that purpose.

One has to be extremely biased to claim that the present Conservative government has done nothing for the farmers. It has done more in three years than our predecessors in the 15 years before their defeat.

Now let us look at the working class. Let me mention first that an act was passed granting paid vacations to all workers under federal jurisdiction. The unemployment insurance regulations were amended to remove any discrimination against married women. In 1957, an amount of $13 million was paid to 250,000 workers when the period of seasonal benefits paid under the unemployment insurance act was extended from 16 to 24 weeks. Then another extension was granted in 1958, which enabled approximately 200,000 workers to receive an additional amount of $14 million in benefits.

Again in the field of unemployment insurance, the benefit period was extended to 52 weeks, to help workers who are forced to remain idle because of the unavailability of jobs.

At this stage, Mr. Speaker, may I make a few remarks on economic conditions prevailing in Canada, and particularly in my constituency, just to brighten up our friends in the Liberal party, who see everything through dark glasses. I should like to draw to the attention of the house certain indications of Canada's economic recovery, and just to prove my point, I shall quote from articles which appeared in various newspapers.

For instance, in *La Presse* of Tuesday March 22, 1960, we find the following:

> Canadian companies will pay out this month in dividends an amount of $81,583,100, as compared to $77,878,900 in 1959 and $75,628,100 in 1958; the first quarter total reaches $195,794,000, that is 4 per cent more than in 1959 and 5 per cent more than in 1958, according to figures compiled by J. R. Timmins & Co.
>
> Industrial firms are accounting for $48,444,000, a little more than last year but a little less than two years ago.
>
> Due to the increase of the dividends of the International Nickel Company, the mines will distribute $21,979,200 this year, against $19,929,200 in 1959 and $17,119,100 in 1958.
>
> Public utilities and financial institutions will pay out a little more this year than in the two previous years.

And, Mr. Speaker, here is an article from the *Gazette* of April 8 1960:

(Text):

> Greater Activity is Shown in Manufacturing Industry.
>
> A further improvement in manufacturing and processing activity, following a significant increase in February, is reported for March by the Canadian association of purchasing agents.
>
> New orders were higher than in February, according to 37 per cent of the association's respondents.

(Translation):

And a little futher on it states:

(Text):

> Employment edged ahead in the latest month with 23 per cent reporting more employees, more than offsetting the 17 per cent reporting a decrease.

(Translation):

In *Le Devoir* of April 6, 1960, I find the following:

Bright outlook for Ford of Canada.

Though sales so far in 1960 have not been as good as expected, it will be a good year however, said Mr. Rhys M. Sale, president of Ford of Canada, at the annual meeting of the shareholders.

Now, Mr. Speaker, I want to deal with things which concern more particularly my district and, to do so, I will quote from *Le Devoir* of March 25, 1960:

Construction of a $15 million plant in Tracy.

Work will start this spring on the construction of a $15 million plant in Tracy, near Sorel, for the British Titan Products (Canada) Ltd.

The plant will have a capacity of 23,000 tons of titanic oxide a year and will require a regular working force of 250 people.

I read now from page 15 of *Le Yamaska* of March 9, 1960, the following title: "Southern Canada Power declares a 9.2 per cent increase for its gross revenue. The subhead reads:

More than one million kilowatt-hour sold. Sixty-four new industries established in this area in 1959.

You hear that, Mr. Speaker; 64 new industries. It is quite different from the gloomy picture that the members of the opposition are constantly describing.

In the speech he made last week, the hon. member for Drummond-Arthabaska (Mr. Boulanger) dealt with the textile industry and tried to make us believe that this industry started to decline in 1957 only, after the Conservative government assumed power.

Mr. Speaker, I would like to put on the record some information with regard to the textile industry. This is an excerpt from the publication *Quebec Industriel* of May 1957 On page 16, it says:

Employment in the primary textile industry has fallen from 98,000 in 1951 to 81,000 in 1956.

If my memory does not fail me, Mr. Speaker, I think that our hon. friends from the Liberal party were then in power. Therefore, the textile industry had begun to decline in their time. A little farther down, on the same page, we read:

Whereas in 1955 the total amount of profits for Canadian corporations were slightly higher than in 1950, those of the textile industry had fallen to about a third of what they were.

On page 18 we find:

And as the salary factor represents a significant proportion of production costs—costs being what they are in Canada—it is a stimulant to importation.

That was still under Liberal rule, Mr. Speaker.

That is why, from 1950 to 1954, approximately 70 companies had to close down, which resulted in the lay-off of 21,000 workers.

We did not hear the hon. member for Drummond-Arthabaska (Mr. Boulanger) say anything about that. No, it could not be, because orders or rather the watchword of the party requests its members to present an entirely gloomy picture of things under Conservative rule.

Yet, I take much pleasure in referring again to the publication I already mentioned, and in quoting the title on page 24:

A disastrous tariff policy.

That was again under the Liberal government of the time, and it says:

For the last 20 years (except for the depression period of the 30's) there has been a gradual decline in Canadian tariffs on textiles from abroad: in fact, those of 1954 were lower than those of 1928. The decline was even higher than that of any other country. Consequently, our imports have increased at a faster rate than our production. The part of the national market that domestic production has satisfied has decreased from 67 to 57 per cent from 1950 until this year—

That is to say 1957, under a Liberal regime,

—while it was 71 per cent in 1930.

Those, Mr. Speaker, are a few bits of information that my friend, the hon. member for Drummond-Arthabaska could probably have given the house.

I have never denied it. I even pointed it out myself. I said that the Gotham Hosiery, which lost its markets because it so stubbornly persisted in making full-fashioned hosiery that other firms took over the market, and when it was ready to switch to seamless hosiery—which women prefer—it was just too late, the market had been taken over by its competitors. However, instead of quoting from anonymous letters, my hon. friend could surely have mentioned that in my own town, four new industries have started. He made no mention of this, because again, it would have shown the situation in its true light, and this would have weakened the case of the Liberals.

I had jotted down a few notes on this subject, but I seem to have mislaid them. He said, for instance, that the Gotham Hosiery employed 400 persons, whereas the official report I have here, and which I have received from the St. Hyacinthe city hall, states that Gotham Hosiery employed only 225 workers.

More half-truths, similar to the ones we heard a few weeks ago from the hon. member for St. Jean-Iberville-Napierville (Mr. Dupuis), when he said that Penman's Limited was on the point of closing down because of competition from imported Japanese sweaters. On the following Saturday, I immediately got in touch with Mr. Covert, manager of Penman's Limited, who informed me first that the hon. member for St. Jean-Iberville-Napierville was not authorized to make such a statement, and furthermore, that it was utterly false. He added that such statements

only served to spread panic, anxiety and fear among the employees. He also asked me to put the record straight by mentioning in the house that sweaters only make up a very small part of the production of Penman's plant in St. Hyacinthe.

Those are all half-truths, used in attempts to minimize the achievements of this government, and to promote to some extent the ever doubtful chances of the Liberal party.

Mr. Martin (Essex East): That is what you are hoping.

Mr. Ricard: That is what we know, and that is what is extremely painful to all Liberals, starting with my good friend, the hon. member for Essex East.

Mr. Speaker, I see that my time is running short, but I would like to go over a few notes I have jotted down, to tell the house that in the years when the Liberals were in power, employment and workers' salaries were not at the level they are today. You know there are more people at work today than ever before. As far as salaries are concerned, the average salary has increased substantially since the Conservative government has been in office. It is as follows, for the years 1955 and 1959, under a Conservative regime:

	1955	1959
Textile industries	51.92	60.65
Housing industries	62.11	77.18
Industries in general	61.05	73.57

Our hon. friends the Liberals have said repeatedly that workers had never paid so much taxes than they are paying now, under a Conservative regime.

If you want facts, Mr. Speaker, I will examine those figures, while comparing our record with that of the Liberal members.

I have used the table of deductions No. 8, for 1952 and tables No. 12 and 12a for 1959. Now, according to those tables, the weekly deductions levied at the source for a salary of $60 a week, were as follows—the year 1952 was under a Liberal regime, while the year 1959 was under a Conservative regime:

	1952	1959	
Single without dependents.	$8.15	$6.05	$2.10
Married without children .	4.05	2.75	1.30
Married with 2 children eligible for family allowances	2.90	1.40	1.50
Married with 4 children eligible for family allowances	1.80	.05	1.75
Married with 6 children eligible for family allowances	0.70	—	
Married with 8 children eligible for family allowances	0.15	—	

There you have, Mr. Speaker, the record I would ask Canadian workers to judge, and say which of the two, that is the Conservatives or the Liberals, have taxed them more.

(Text):

Before closing, I should like to read an article which appeared in the Montreal *Gazette* of July 2, 1958. It gives a good account of the contribution of French Canada toward the maintenance of true Canadianism.

(Translation):

Mr. Martin (Essex East): This is from bishop Carrington?

Mr. Ricard: Yes. I quote:

(Text):

"After 23 years as bishop and archbishop of Quebec, I can devoutly thank God for the courtesy, kindness and understanding which have been accorded to us by the bishops and clergy of the Roman Catholic Church, and the general goodwill of the provincial authorities."

These words were heard on Sunday in St. Paul's Cathedral in London. Most Reverend Philip Carrington, the Anglican Archbishop of Quebec, now in London to attend the Lambeth conference, was the invited preacher.

He was speaking as one having authority, for, as he said, he was speaking out of 23 years of experience. He described the Anglican population of his diocese as "very minute" and as living in a province with several million French Canadians. But the achievement of co-existence is not merely a legalistic accommodation, but the development of a spirit of wise adjustment.

And a great achievement it has been. "I wonder," said the Archbishop, "whether there is anywhere else on the face of the earth where two races have lived together so successfully in mutual respect and affection."

(Translation):

Mr. Martin (Essex East): It is the statement of a good man.

(Text):

Mr. Ricard: Any reasonable person not blinded by political partisanship, deceit and racial prejudice will admit that such an accomplishment could not have taken place under a dictatorship, as was suggested by certain members of the opposition. May I make a special appeal to the hon. member for Port Arthur (Mr. Fisher) to forsake his narrow-mindedness and ponder these words and the words which I have just quoted. I am glad

to let the hon. member know that French Canadians have witnessed many such attacks and survived them easily.

(Translation):

Mr. Racine: Before the hon. member resumes his seat, perhaps he would answer a question?

Mr. Ricard: Certainly.

Mr. Racine: He has quoted from the *Le Courrier de Saint-Hyacinthe,* in which opposition members are referred to as hypocrites. Could he give us the name of the writer of that article?

Mr. Ricard: My hon. friend can look up the newspaper, and he will find out.

Mr. Racine: What newspaper?

Mr. M. W. Martin (Timmins): Mr. Speaker, it is customary to try to say something nice about the minister during the budget debate. This was practically impossible this year when we look at this budget. When we look at all the problems facing the country and we see that they have been completely ignored it is very difficult for one to have any kind words for the minister.

However, there is one thing on which the minister should be complimented. He has continued the practice he started of giving his budget speech in the two official languages of this country. This is all to the good.

We face a great danger of being completely overwhelmed by our giant friendly neighbour from the south. The fact that we are so friendly increases the danger of losing our Canadian identity altogether.

In my opinion, the greatest bulkwark against this is the fact that we are a bilingual and bi-cultural country. Canadian citizenship requires that we speak either one or the other language. Our objective should always be to speak both.

It matters not if we are French who cannot speak English or English who cannot speak French, whichever we are, we are that much short of being the Canadian we should be because then indeed we would be truly distinctive from the United States.

The minister is setting this good example and he must really have been working on his French because it shows marked improvement. But maybe he has been working too hard on it because as his French gets better so his budgets get worse. Might I suggest he work as hard on his budgets in the future as he appears to have on his French in the past and maybe he can bring about a similar improvement in them. Might I say that his French is adequate now to give a much better budget than he has given so far to this house.

(Text):

Mr. Pigeon: I should like to put a question to the hon. member. What does he think about the declaration made by his colleague, the hon. member for Port Arthur (Mr. Fisher)?

Mr. Martin (Timmins): I think it was distorted to a greater extent than anything I have seen in the newspapers across this country for a long time. It is unfortunate that the extremists in both our languages should take a football like this and kick it around to the detriment of Canadian unity.

On the subject of the budget, I see that the Minister of Finance (Mr. Fleming) is up to some of his old tricks again; he likes to have things both ways. If we look at pages 2669 and 2670 of *Hansard* we find that, first of all, he had this to say:

> In spite of a period of credit strains and in spite of some unfortunately prolonged industrial stoppages both at home and abroad, Canada has had a good year.

Then on the next page, he says:

> Average per capita wages and salaries of workers in trade and industry reached a new record of $3,773, an increase of 4 per cent over 1958 and of 10 per cent over 1956.

The minister goes on to say that the increase nationally amounted to a satisfactory figure of 3 per cent real income. Here is the old story of a man trying to have it both ways. In one sentence he regrets that there have been industrial stoppages, though this is the only method by means of which many employees can get a raise in pay. But he goes on with the next breath, to take credit on behalf of his government that they did get a raise. Similarly, if we look at page 2671, we find this paragraph.

> Any inflow of capital raises questions as to ownership and control of Canadian industry and resources, and also the question of the servicing of debt. As to ownership and control, this government's position is clear. We welcome capital into Canada if, when here, it is willing to act as if it were Canadian and not as if it were foreign. During the past two years there has been increasing evidence, in many quarters, that foreign capital in this country is becoming increasingly conscious of its Canadian responsibilities. This is a subject that has been vigorously brought to the attention of foreign investors by the Prime Minister and others. It would be better if the desired result were achieved by such persuasion than by legislation.

I have read that over five or six times and have not the foggiest notion what it means. Stripped of its double-talk it amounts to nothing more than mealy-mouthed balderdash.

How times have changed since the halcyon days of 1957. In those days even some hon. members of the opposition had something kind to say for the Minister of Finance when he brought in his baby budget. In 1958 and 1959 many Canadians and many newspapers still remained loyal to the government but in 1960 almost without exception the newspapers have deserted the minister and the government. Read through the newspapers from coast to coast and you will find scarcely a kind word for this government. Some newspapers made a big issue of the fact that the minister was interrupted 44 times by loyal members pounding their desks as a sign of approval but I suggest this shows not so much enthusiasm on their part as good training.

We have seen one after another of the Tory backbenchers rise and praise the government and the minister but it has been apparent too that more and more frontbenchers have joined with the opposition in criticism of the government. We have to look no further than the hon. member for Greenwood (Mr. Macdonnell) the hon. member for Dufferin-Simcoe (Mr. Rowe) and the perpetual thorn in the side of the government, the hon. member for Restigouche-Madawaska (Mr. Van Horne) for proof of this. While the latter hon. gentleman is not considered a frontbencher he sits in the front row, even if next to the door.

The minister and the government must have nostalgic memories of those days when they found kind words about them in the newspapers. It is interesting to examine why the newspapers have turned against the minister and the government. I suggest that the first reason is because of unemployment for which the Minister of Labour (Mr. Starr) has tried to find an answer. I recall the ringing words of the Prime Minister (Mr. Diefenbaker) when he said on television, "we have met the problem of unemployment." The right hon. gentleman did not say where he had been that week but he could have met unemployment anywhere. He could have met it in the maritimes, on the west coast or on the streets of Ottawa. I do not know of any place in Canada where he would not meet the problem of unemployment. What we wonder about is when he and his government are going to do something about it.

The second reason is because of the attitude of the Minister of National Defence (Mr. Pearkes) and the defence policy of this government. In today's *Globe and Mail* there is an article that clearly indicates why newspapers and many Canadians are taking a second look at this government. I wish to quote a few extracts from the article entitled "Misgivings on Defence":

> Evidence of deep unrest among Canadians over this country's defence policy grows stronger day by day.

Reference is then made to the comments of the hon. member for Greenwood to which I have already referred, and to statements made by the president of the University of Toronto. The article continues:

> In the fiscal year that has just begun, Canada is spending $1,593 million on defence. What are we getting for it in national safety? How much of it is going to buy and maintain obsolete weapons, to pursue outdated defence concepts? Could not the same degree of national security be obtained by spending, say, half the money? These are essentially the questions Canadians are asking.
>
> They see the obstinate way in which the government sticks to the highly dubious Bomarc missile which represents, for Canada, a total investment of about $125 million.

The article goes on in the main to criticize the Liberals but that is not my job here today. In fact the only kind word the article had to say was about the C.C.F., and I quote:

> Mr. H. W. Herridge, C.C.F. member for Kootenay West, told the commons Thursday that elimination of wasteful defence spending could yield a saving of $300 million a year to start with. There is nothing wild in this estimate.

It is not too often that we find suggestions of the C.C.F. being commended to the Canadian people by this newspaper. The article continues:

> Parliament cannot go home until Canadians are provided with answers to the many and legitimate questions they are asking about defence policy.

I will not go into that subject at length, but with respect to the Bomarc I will say this. I am told that as you come out of North Bay proceeding north on highway No. 11 you pass over a hill called Thibeault hill. As a result of the Bomarc project I am informed that a tunnel now cuts through Thibeault hill and comes out right beside the insane asylum at North Bay. I would say this is a fitting monument to the Bomarc.

The third reason relates to the proposed bill of rights. We watched the Prime Minister and the government take a firm stand a couple of years ago supported by the whole house with respect to the situation in Hungary. We thought this action was in line with this great fighter for the bill of rights. A chink appeared in the armour of the hon. gentleman when he failed to take the opportunity of doing away with the repressive labour legislation in the province of Newfoundland. Today all Canadians and most newspapers are wondering why the Prime Minister has been so reluctant to take a stand on the South African situation. Britain and the other commonwealth countries have raised their voices in protest. No doubt the

Prime Minister's reluctance to take a stand is interpreted by the black people in South Africa as an indication that the Prime Minister is on the side of the government there.

The fourth reason is because of the treatment accorded war veterans and pensioners. I do not know how many hon. members have received letters from legionnaires in their riding but I have received quite a few in the last several days and they are appropriate to the subject I am now discussing. I wish to place one letter on the record:

I am writing you because I believe the time has come when we must realize that changes in the Pension Act and the War Veterans' Allowance Act are long overdue.

As you know the Legion have made representation to the Prime Minister and cabinet, and have appeared before the parliamentary standing committee on veterans affairs explaining why, in our opinion, our requests are justified. Indications now are that it is not intended by the government that there will be any amendments to the Pension Act at this session of parliament.

I believe our requests are just and that the government should take action to grant the points raised in the legion briefs.

I believe that the increases they have asked for are reasonable, and it is a fact that the disability pensioner today is not in as favourable a position as in 1920 or in 1946 when compared to wages paid to various classes of Canadian employees.

I would appreciate your doing everything in your power to assist the veterans in obtaining improved legislation this session.

This is all the more serious, Mr. Speaker—

Mr. Aiken: Will the hon. member indicate the source of these letters?

Mr. Martin (Timmins): This is a form letter from the Canadian Legion British Empire Service League, Timmins branch No. 88, Timmins, Ontario. It is signed by Harold W. Richardson, member, branch 88, B.E.S.L., Timmins, Ontario. This is only one of many I have received. I think it is all the more serious when we realize that last year many of the veterans who were down here making representation to this government went home with the feeling that they had a definite promise from the minister that they would be given some consideration this year.

Then we find another reason why this government is losing its popularity. We have only to turn to the farmers of this country. The other day I picked up a copy of the *Western Producer,* dated April 7, which contained the headline:

The Next Move Up to Farmers
Alvin Hamilton Says

This is very interesting to the farmers because it is about the sixth or seventh move that has been up to them. I imagine they are wondering what kind of game of checkers it is they are playing. Their first move was representation to this house. That did not work. Therefore they tried another move. They elected 47 or 48 western Conservative members but they had no luck that time, either. They received no help so in their third move they sent a delegation 1,100 strong to make representations to the members. Still nothing happened. The fourth move was more representations. Now it says here that the Minister of Northern Affairs and National Resources (Mr. Hamilton) says that the next move is up to the farmers. I suggest there is only about one move left to the farmers and that is the proper move when the next election comes along.

Then I go on to the next reason for the lack of popularity of this government. All we have to do is to turn to housing and the Minister of Public Works (Mr. Walker). I was home over the week end and I attended a meeting of the northeastern Ontario development association. A pretty grim picture, a pretty grim outlook was painted by the construction people in that association. People who originally planned to go ahead with about 100 or more houses this year told me that under the present legislation, the present picture drawn up by the minister, they are going to cut back their program and not build a single house they intended to build.

I would suggest that the Minister of Finance apparently decided this year to balance his budget at all cost. He can balance it only by postponing the payment of debts. He is also balancing it at the expense of the war veterans, the old age pensioners, the farmers, the unemployed and the civil servants. I do not think this is a laudable way for the Minister of Finance to balance his budget.

I should like to go on and make reference to another minister who I believe should receive some attention at this time. I refer to the Minister of Citizenship and Immigration (Mrs. Fairclough). Not too long ago I received a letter from British Columbia which contained a copy of the Birmingham *Mail,* a newspaper published in Birmingham, England. It was dated January 27. Unfortunately, I have not the copy with me; I believe I have mislaid it. I will have to quote from memory what was in the advertisement in that paper. As I said, the paper was dated January 27, 1960. The headline of the advertisement read, "Canada Needs Immigrants." With 700,000 unemployed in this country, we need immigrants. The advertisement went on to expound on the opportunities in Canada and the assistance available. They could get interest free loans to come here; they could get assistance after they get out here. For what purpose? To join the unemployed? I should like to read from just part of the letter which accompanied the copy of this newspaper. This letter was written by an immigrant who has

been in this country about two years. He came from the British Isles. He says:

> What really bothers me is the fact that there are four pages of jobs vacant in this same paper, and as you will see there are literally over a thousand different advertisements offering several thousand jobs in all occupations, both skilled, unskilled, white collar and professional. In Canada we have widespread unemployment with over 700,000 men looking for jobs. Also here we have exorbitant rents, with a high cost of medical care and dental care (which hits us British immigrants hardest of all).

Mr. McCleave: On a point of order, surely the hon. member cannot read a letter into *Hansard* without giving us the name of the author. I think this is covered specifically by the rules.

Mr. Martin (Timmins): I am quite sure the gentleman would have no objection to my giving his name. It is signed by John O'Sullivan, and his address is 4728 Bond street, South Burnaby, British Columbia. I wonder whether the minister ever stops to ask whether this is fair to the immigrants who come over here? Certainly, neither myself nor my party has any objection to immigrants, provided they are given a fair break and the Canadian citizen is given a fair break in regard to immigration policy.

I wonder whether it is fair to bring immigrants over here and turn them loose in a labour surplus market? They are cursed and reviled through no fault of their own. Instead of receiving a welcome as neighbours they will be considered by the unemployed people, and even by the employed people who are afraid of losing their jobs in this surplus market, as a menace to their jobs and to their security. We had an example not long ago in Timmins. With all the unemployed miners returning from Elliot Lake a newcomer from the British Isles started at one of the mines with no mining experience whatsoever. In fact, the information on his card said that his previous occupation had been that of an instructor in a trade school. He was going to work underground in the mines when literally thousands of unemployed hard-rock miners were coming back from the mining fields of Elliot Lake, Bancroft and Uranium City; men who had been working in the uranium industry.

What the immigration policy of the minister is doing is just compounding the difficult position of the Minister af Labour in his endeavours to try to solve the unemployment problem. What kind of immigration policy is this? Is it any wonder that the newspapers are going after this government every day?

Another thing they do not tell these immigrants when they go over there to lure them away from gainful occupations—because they have full employment in Britain; they have not the backlog of unemployment that we have here—is that Canada has not adequate health services as they have in England. They do not tell them that we do not have the educational opportunities that they have in England, and they do not tell them they are coming to a country where there are 700,000 people unemployed, 10 to 20 per cent of the population, depending upon which area you are in.

I should like to deal with one more aspect of this matter and point out why I consider this budget is not an adequate one. There are five giant evils in our modern industrial society, and this budget not only does not try to grapple with them, it does not even recognize them at all.

The first of these evils is ignorance or inadequate educational facilities. This is not news to the government. It has not only been brought to their attention by members of the opposition but has also been brought to their attention by members of their own party on more than one occasion. Do we see any recognition of the problem or provision for it in the budget?

The second one is idleness or inadequate opportunities for gainful employment. If this has been a secret to the present government it should not be any more because they have heard sufficient about unemployment in this session of parliament. The figures that the Minister of Labour presents to the house show that it is not a seasonal problem but a recurring, chronic cancer in our society, one with which no government, past or present, has ever seemed to be able to cope.

The third evil is squalor or poor living conditions. No matter to what city we go from coast to coast we find this condition. Every city has its slums. What provision is there in the budget even to recognize that such a problem exists? The only action on the part of the government is to cut back last year's house construction by 50 per cent.

The fourth evil is disease, or inadequate provision for health and medical care. We did break our hearts a couple of years ago and brought in a sort of helter-skelter hospital plan that varies from province to province, but apparently there is no thought of taking any steps toward getting a health insurance plan throughout the country to look after the health of our citizens. We do not make this known to British immigrants when they come here. In a British newspaper, the *Daily*

Mail, of Tuesday, March 1, 1960, there is an advertisement containing these words:

> One of Canada's most rapid and far-reaching social changes is hospital insurance, which is now sweeping the country from coast to coast.

I am sure that would sound very amusing to the British people if they knew the facts inasmuch as they have had complete hospital, health and dental care for the last 15 years.

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

Mr. Martin (Timmins): Certainly.

Mr. Aiken: Were the advertisement to which he is now referring and the previous one published under the authority of the Minister of Citizenship and Immigration (Mrs. Fairclough)?

Mr. Martin (Timmins): The name of the author of the article is not given but there is a short note in the middle of it in these words:

> This article has been contributed by the Canadian government immigration service.

Finally, I come to the last of the five giants—want, or inadequate income for a minimum standard of living. This condition is not confined to any one class of our citizens; quite a number fall into this category. There are people working today for 40 or 50 cents an hour and being exploited by unscrupulous employers. There are the people receiving old age pensions who have waited for so long for the further increase promised by the government back in 1957. They are still waiting. The same is true of people receiving other forms of pensions. I just read a letter having to do with people receiving war veterans allowances. All these people fall into the category of those who have inadequate income to meet a minimum standard of living.

There, Mr. Speaker, are the five giants in our society with which our government should be coping. Yet the budget makes no provision whatsoever even to recognize them, let alone to grapple with them and try to improve the situation. As found on page 2669 of *Hansard* of March 31, the minister used these words:

> We can look forward optimistically to another year of solid expansion and balanced growth.

I wonder what the people I have mentioned think of the minister's words that this is a year of solid achievement and balanced growth. I suggest that the budget is not the trumpet call of achievement that the minister and the government supporters would like to make us believe it is but that stripped of its double-talk is nothing more than an abysmal and abject confession of failure. I also suggest that the newspapers will become even more critical and continue to be until a disillusioned people have a chance to vote and correct the mistake of 1958.

Mr. Robert Simpson (Churchill): Mr. Speaker, I am very pleased indeed to have the opportunity of taking part in this debate because there are a number of subjects I should like to bring to the attention of the house. First of all, let me say how gratifying it was to listen to the very eloquent address a week ago last Thursday night by the Minister of Finance (Mr. Fleming). I am sure we were all very pleased with what we heard. I am fully aware that it is an accepted fact that budget speeches generally will invariably invoke loud criticism from the opposition benches, but in my opinion this budget address was clearly indicative of a high sense of realism and responsibility. I do wish to point out that I am not entirely satisfied with certain aspects of government expenditures and I do have a few strong complaints regarding the policy of some crown corporations. It is my intention to voice my complaints as often as I possibly can until these problems cease to exist.

I am particularly pleased, however, that Canada has experienced such a good year and that there is such a buoyant outlook for 1960-61. The prospect of a budget surplus and the decision not to raise taxes will be welcome news to all, I am sure. The wage increases amounting to $15 million for approximately 50,000 civil servants and the forecast surplus of $40 million in the old age pension fund, the first surplus incidentally in its nine-year history, are further evidence of the capabilities of the Minister of Finance.

I mentioned before that there is bound to be a certain amount of criticism, but in my opinion it is often far more amusing than disconcerting to analyse some of the remarks of those who seek to spread gloom and despair. For instance, I am certain that we were all very interested to hear the minister forecast an increase of 6 per cent in the gross national product and to learn from figures made public last week that we experienced a 6 per cent rise last year.

This seems to be in direct contrast to the moaning and wailing we have been listening to from the opposition benches for the past year and a half. I cannot quite figure out just who they are trying to scare, but it is quite apparent to me that they have not made much impression at all on anyone who is remotely associated with contributing in any way to the gross national product. If all their rantings and ravings were in any way consistent with the general state of the economy in Canada, the gross national product

would be a red ink issue. If these prophecies of doom and despair were offered in a spirit of warning of some well-founded, imminent danger, there might be some justification for them. However, I am certain it must be quite evident to the people of Canada that this line of talk is nothing but a fervent hope.

I think Mr. Charles Templeton cleared this up conclusively on a television program last night when he probably expressed the views of the Liberal party in mentioning that he hoped Canada was about to experience a drastic economic recession as it might be of some assistance in the resurgence of the Liberal party.

Following further along this line of criticism, and showing just how ridiculous it can become at times, I should like to read a portion of a news article which appeared in the Ottawa *Citizen* of Friday, April 1, in which the writer is referring to the fact that the Minister of Finance proposed no change in the rates of personal income tax. The writer says, and I quote:

> All the same, the average Canadian will pay more taxes because, if the government forecasts are correct, his income will be higher.

I must say that the writer's deductions are logical. I wonder how much you are going to scare people by telling them they are going to get a rise in pay?

I believe the government has accomplished a number of outstanding feats since taking office in 1957. Many of the people I am honoured to represent derive their livelihood from agriculture. I must say that these people have been and still are confronted with a number of problems. The farmers of the Swan river area in Manitoba are a hard working, economical group of people with whom I have had many opportunities of discussing their business problems. I have many valid reasons for believing that further agricultural legislation is needed. However, I also have good reason for believing that with the advent of the further farm legislation which is planned by this government our over-all agricultural program will be of great benefit to the people engaged in farming.

In so far as our foreign trade is concerned, I feel that this picture has improved steadily since this government took office. I believe there are a number of cases where our trade balance has diminished slightly, but there are many signs which lead me to believe this is a good thing in many respects. The farmers in western Canada are genuinely concerned about our trade with Japan. It is only natural that they are anxious to have a healthy volume of imports coming in from that country so that Japan will be able to continue to purchase our wheat. This government not only hopes Japan will be able to continue purchasing our wheat, but that sales can be increased as time goes on.

It is gratifying to see the improvement in our trade with Japan over past years. In 1954 Canada exported to Japan goods valued in the neighbourhood of $96 million and our imports from Japan in 1954 were in the neighbourhood of $19 million. In 1959—this is an estimated figure—exports to Japan will amount to $140 million, while Japan's exports to Canada have climbed to an estimated figure of $105 million. I think that is very gratifying. As I mentioned before, so long as Japan can continue selling to Canada I am sure our wheat trade with Japan will not only hold up but may even increase.

In so far as financial contributions to the provinces are concerned, I think it is sufficient to refer to page 2676 of *Hansard* for March 31 of this year. There we find that the total contributions to the provinces from the federal government have increased as follows: In 1956-57 contributions from the federal government to the provinces were $689.4 million; in 1957-58 they increased to $837.2 million; in 1958-59 they rose to $1,037.6 million; in 1959-60 they rose to $1,252.5 million; and, in 1960-61 the estimated contributions to the provinces will be $1,300 million. This is almost double the amount in 1956-57. I think these tables alone are sufficient to show that this government is very much concerned about the welfare of the provinces.

In so far as opposition criticism is concerned, I should like to read into the record the words of an editorial which appeared in the Winnipeg *Tribune* of April 8 of this year. It is captioned "Liberal Criticism", and reads:

> During the past few weeks Liberal supporters inside and outside the commons have subjected the financial program of the Diefenbaker government to increasingly bitter criticism. Among other things, the Conservative administration is being charged with reckless deficit financing during the past two years and with excessive borrowing that brought the country near financial chaos.
>
> Just to keep matters in balance, the Liberal financial proposals for the period should be taken out and reviewed.
>
> At the moment the Liberals have no known financial program as an alternative to that brought forward by Finance Minister Fleming in his budget speech. The opposition is content to criticize without offering a different course of action.
>
> But the policies the Liberals proposed in 1958-59 are a matter of record. It will be recalled that when Prime Minister Diefenbaker was elected to office in 1957 with a minority government he cut taxes by $178 million. After a short special session an election was held. During the election campaign Liberal Leader Lester Pearson outlined his fiscal proposals.
>
> He promised that taxes would be cut by $400 million. Income tax was to be reduced by $275 million, with a special deal for newly-weds; the

excise tax on cars was to be abolished with a tax saving of $60 million; corporation taxes on small businesses were to be reduced by $25 million and so on.

And this was to be done while increasing social security measures—sickness insurance, old age pensions for unmarried women at 60, family allowances to children up to 18 years of age. No suggestion was made for cutting expenditures through reduced services or by effecting economies.

There is no reason to believe that Mr. Pearson was not being completely sincere in his promises. If he had been elected to office it must be assumed that the tax cuts would have been made.

Thus it is fair to say that in 1958-59 there would have been a deficit of at least $400 million more than that reported by the Conservative government for the year. Instead of the Conservative deficit of $600 million, a government headed by Mr. Pearson would have had a deficit of more than $1 billion in 1958. Moreover, unless Mr. Pearson increased taxes drastically in 1959, he would have had a further deficit of more than $800 million for the 1959-60 fiscal year.

The Liberals would have made Mr. Fleming look like a piker in the deficit department. Naturally this would have involved much greater borrowing by a Liberal regime. Canada would have experienced tight money and inflation much more severe than anything seen during the past year.

This should be borne in mind when assessing the present bitter Liberal criticism of the Conservative financial record for the past two years.

I should now like to deal with one or two problems which are of extreme importance to the area I have the honour to represent. The first problem is one that I have raised in this house on various occasions and it is an important one. I refer to the failure to date of the Canadian Broadcasting Corporation to supply television services to the northern areas of Manitoba. For almost three years we have been endeavouring to get from the Canadian Broadcasting Corporation some assurance that this project will be undertaken. As I have mentioned previously, the Canadian Broadcasting Corporation is set up under a statute as a national system. Their purpose is to provide a national system of television and radio broadcasting for Canada.

At the present time the constituency of Churchill, which is comprised of roughly 180,000 square miles, has no television services whatsoever. In the Dauphin-Swan river area a satellite station is planned as an extension to the Yorkton station and it will give certain coverage to the people of that area. Many people feel that this satellite station is not going to give adequate coverage, but that matter remains to be seen. However, the people in the area of The Pas and Flin Flon are anxious to receive consideration of their problem at the earliest possible moment. In their words—and they are quite right—they pay the same taxes as does anybody else anywhere in Canada.

I have been told on many occasions that it will involve a large expenditure to get this system into northern Manitoba and that the people in other parts of Canada should not be obliged to pay the cost of providing us with television. At the present time the people of these areas are paying, as they have been doing for many years, their share of the cost of the television services enjoyed by the people in other parts of Canada. Many people who have had television for a good number of years seem to think that this is not an important subject. However, when it comes to Grey cup time, world series time or National hockey league time, I notice that they are all quite concerned as to what is going to be done about those particular broadcasts. I am quite sure they would rise up in arms if the C.B.C. decided it was not going to carry these programs and, as I said before on another occasion, would say, "We want those programs regardless of what they cost". We must never lose sight of the fact that the people in the northern and outlying parts of the country that are not serviced are going to be paying their share of the cost of those programs.

I know there are in Canada many areas desiring this service. One of my criticisms of the Canadian Broadcasting Corporation is the fact that there is coming from them no indication as to when these areas will be served. They tell us—as I suppose they tell everybody who approaches them—that if the government will give them enough money they will service all these areas. However, in any of their budgets I have yet to see enough money asked for specifically to service these areas and that is why I criticize them. I criticize them for not asking for this money and specifically saying that it will be used for servicing these areas or, failing that, for not at least coming up with some kind of a capital expenditure program over a period of years so that these areas would have some idea as to when they were going to get this service. I might say that all town councils, chambers of commerce, service clubs and groups of various kinds in the area which I represent are interested in this subject and have all made representations to the C.B.C. with regard to it.

I should like to say that this specific subject of television can be related to a number of other problems. We can even relate it to the problem of unemployment. In northern Manitoba I have noticed—and it is a strange thing—what happens on many occasions when construction programs are under way in that area. The people seeking workers send out a call for so many workers. They might send out a call for 150 men. Two days later four or five men will arrive. Many of the men that have been interviewed in the other parts of Canada will not go north because television and other amenities of life are not provided for them. The people in the

north do without many things. I think they should be given further consideration with regard to this one important subject.

I note that the hon. member for Bonavista-Twillingate (Mr. Pickersgill) has made many representations on behalf of the people in northern Manitoba. I find that fact rather amusing. If my findings are correct, he was obliged to leave Manitoba and go down to Newfoundland in order to get elected. I do not think the people of Manitoba are too greatly concerned about his worrying over their problems.

Mr. Martin (Essex East): He could have a seat anywhere.

Some hon. Members: Oh, oh.

Mr. Simpson: The people who are without these services are doing a very good job in bringing the matter to the attention of the C.B.C. I think possibly the hon. member for Bonavista-Twillingate might be better advised to go back to his constituency and study his own problems. I do not know what kind of mileage he figures he is making out of this attempt; but if he wants to make some mileage, perhaps he could follow my footsteps to some of these departments day after day, and then he would really make mileage.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Simpson: At six o'clock I was discussing the problem raised by the complete absence of television services in northern Manitoba, and the desire of the people of that area to secure such services. I should like to say that the hon. member for Dauphin (Mr. Forbes) and the hon. member for Mackenzie (Mr. Korchinski) have worked closely with me on this problem for a long time.

In bringing this point once again to the attention of the house or to any who may feel that these services are not of great importance, may I say that it is my feeling that the people who live in the more densely populated areas of Canada probably do not realize how few of the amenities of life the people of the north country have at their disposal. As I said earlier, these people are pioneering these areas, and at the same time, paying their full share of the taxes which are necessary to keep these amenities in being for the benefit, largely, at the present time, of the people who live in the more populated centres. People who live in or near the big towns have a lot of these benefits handed to them. There is the trans-Canada highway, for example, which is financed by the federal government jointly with the provinces. People who live in the thickly populated areas take a service such as this for granted and feel they are entitled to it. That is just one example.

People who have enjoyed television since its inception by the C.B.C. have possibly come to the conclusion that radio is not as important as it was some years back. Speaking of radio, I maintain that over the years since the C.B.C. began its radio broadcast we in northern Manitoba have continuously made representations in favour of an improved service. Under the old dominion network system which was serviced by land lines many people felt there was a better calibre of program carried at that time, and we were serviced by the trans-Canada network. There is a transmitter at Watrous, Saskatchewan which feeds radio stations in outlying areas, but reception is often poor, and as a result we were never in receipt of a program of good quality. At the present time, we have a station at Flin Flon. I understand that because of the fact that a Winnipeg station has increased its power to 5,000 kilowatts there is a great deal of interference with our local radio station at Flin Flon. There is still no land line service of the C.B.C. radio network north of Brandon, Manitoba. I think this constitutes another reason why despite the fact that there are many areas in Canada which cannot receive television programs, Manitoba should have some priority when plans are made to extend the television service.

It may take some time to reach the stage where these areas can be served, but it might be a good idea for the government to study the possibility of introducing a program designed to bring some of these amenities of life to the outlying areas—a program much on the same lines as the present roads to resources scheme, that is, through federal and provincial co-operation financially. At the present time I know of no provincial government which is contributing toward the cost of providing television services. However, I think if the federal government could introduce a scheme of this nature some of the provinces might be interested in assisting.

It should not be forgotten that these areas which do not enjoy the facilities which I have mentioned are precisely those which are faced with a higher cost of living, while the people who live there are paying the same taxes as everyone else. All these things should be taken into consideration. As to the

higher cost of living, the government recognizes this as being a factor, because it pays a northern allowance to its own employees who work in the north. Thus, all things considered, I believe these areas should be served as quickly as possible.

Now I should like to touch on one or two other subjects of interest which I have come across lately. I should like to mention at this point that I recognize the servicing of D.E.W. line operations—the delivery of foodstuffs and other necessary supplies—to be, possibly, an obligation of the United States government. However, I should like to draw one thing to the attention of this house because I believe it would be possible for the government to pass this on to the government of the United States as a matter of liaison. I understand that the eastern D.E.W. line sites are currently serviced with foodstuffs from Montreal, and that the western sites are serviced from Edmonton. This may have been found the best way of carrying out this operation. However, it is interesting to look at some figures with which I have been provided. These are figures of transportation costs under the present system of serving eastern D.E.W. line bases from Montreal, and hon. members will find that the cost of sending one plane load of food consisting of 15,000 pounds from Montreal via Churchill to Foxe, which is a D.E.W. line base is $8,566.80.

I maintain that these supplies could be sent by rail from Montreal to Churchill and then flown into the bases. In that case, the same load would cost $4,299.10. I am raising this question because I believe that these supplies could very easily be purchased in Manitoba, sent by rail to Churchill and then flown in by existing carriers. That plane load could be sent into Foxe at a cost of $3,934.60, which is a saving per plane load of $4,632.40. I cannot imagine the United States government not being interested in a saving of this order and I suggest that the proper authority should bring this matter to the attention of the United States government which could then decide whether the supplies could not either be purchased in Manitoba and sent by rail to Churchill and then flown in or, if they could be purchased more cheaply in Montreal, sent by rail to Churchill and flown in from there.

There is one other point I should like to bring to the attention of the house and that is the importation of diesel oil and fuel oil to Churchill from foreign markets. I am raising this subject for two specific reasons. First of all, I think with respect to the general economy of Canada it would be very beneficial if Canadian products could be used at Churchill. There is a vast amount of fuel oil used there by various government departments including the Department of National Defence. Not only am I concerned about having Canadian products used in that area but I am interested in exploring the possibility of achieving a reduction in the cost of this fuel to consumers in the town of Churchill.

I understand that a number of years ago the Imperial Oil Company was given the operation of the marine tank farm at Churchill and as a result of that, I am told, quite substantial savings were effected by the Department of National Defence in their purchases of fuel and diesel oil. However, previous to this western Canada products were used at these establishments. I think it would be well to investigate this situation to see if there is as large a saving effected as we think.

I understand that in September of last year there were 4,072,540 gallons of diesel oil shipped to Churchill at a price of $355,554. The cost loaded on ship at Aruba, Netherland Antilles, expressed in Canadian dollars in relation to Canadian gallons was 8.73 cents per gallon. In October, 1959, 3,489,411 gallons were shipped to Churchill at a cost of $306,589. The price, loaded on ship at Aruba, was 8.786 cents per gallon.

I understand that the Department of National Defence is receiving this oil at a very reasonable price. The oil is landed on board at the price I mentioned but I understand that when you add on the transportation costs it brings it up to about 12 cents a gallon landed at Churchill. At the present time individual consumers at Churchill are paying approximately 26 cents a gallon. There is a rather large spread there, and I think additional savings to the consumer could be made.

I am informed that the price to the consumer went down to some degree when this method was adopted but in following this course a foreign product rather than a Canadian was introduced. I believe we also have to take several factors into account when assessing the value of this saving. Previously a crown corporation, Canadian National Railways, was in the business of hauling this western oil to Churchill. We therefore have a loss of revenue to one crown corporation and possibly a saving in one government department. We must also take into consideration the men who would be employed on the railway and the maintenance and supplying of tank cars. All in all we might learn that we have lost a market for western products to a foreign fuel and that there is not too large a saving at all.

Before concluding I wish to briefly touch on one or two other subjects. I shall deal first with Canadian National Railways freight rates. Despite the fact that the president of the C.N.R. has suggested that members of parliament should keep their noses out of the C.N.R.'s business, I think there are one or two things that should be brought to the attention of the house.

I have mentioned before that in many of the northern areas some of the services that are taken for granted in the larger centres are not available, or at least not prevalent. In many places there is a great interest in receiving the free pickup and delivery of express and L.C.L. freight. When the railways have been approached on this question they have said that the cost is too prohibitive. My experience has been, however, that as soon as roads are built into an outlying area and truck competition enters the picture these services are hastily provided. I believe this is something that should be investigated. The outlying areas should be given the same services by crown corporations as are provided to people in the larger centres.

As my concluding point let me mention that it has been gratifying to me to see that some of the problems of the people at Churchill have been investigated and action is being taken. I should explain that the people at Churchill are there as a result of government establishments. They do not live in a municipality but in unorganized territory. If it were not for certain government establishments there would probably be no people at Churchill. For many years the people there have been urging the federal and provincial governments to provide a sewer and water system, additional power and other necessary services. It is a source of satisfaction to know that at the present time the Manitoba power commission in conjunction with the Department of National Defence is setting up an adequate power system for the people of that area and that the required additional power should be available this summer.

When I first came to Ottawa I learned that nothing had been done for years. In fact, I was informed that such things as an additional water supply were considered unnecessary and out of the question in relation to Churchill. I am pleased to know that the Department of National Defence is presently investigating the possibility of a new water supply for Churchill and it is hoped that it will be constructed during the course of this year.

I am glad to see that these things are being done in my constituency and it is my hope that the other problems that exist there will be solved just as quickly as possible.

[Mr. Simpson.]

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, I am indeed very happy to be able to join with other hon. members in participating in this lengthy budget debate. On behalf of the constituents of Nickel Belt I should like to express certain views which I have had occasion to discuss with the citizens of my riding.

To assist hon. members in following the course of my remarks I should like to remind the house of the wording of the motion we are now debating by reading the amendment presented in this chamber on April 4 by the hon. member for Kenora-Rainy River (Mr. Benidickson) because my remarks will relate to this amendment. It will serve as the theme of my address, as it were. The amendment reads as follows:

> This house regrets that the financial policies of the government will produce a fourth consecutive over-all deficit in a year of "so-called prosperity", while at the same time offering no solution to the problem of rising prices, rising trade deficits, a continued high premium on the Canadian dollar, increased pressure on provinces and municipalities to borrow outside Canada, declining farm income, and high and rising unemployment.

In presenting his budget the Minister of Finance (Mr. Fleming) expressed an attitude similar to that he has expressed on previous occasions since I have been a member of this house in attempting to convey the impression to hon. members that budget night was the loveliest night of the year. The reception given to the budget by hon. members in this chamber and by newspapers throughout the country does not bear out the impression the minister sought to create. I noted that during the course of his remarks the minister sought to add colour to the drab speech he delivered on that occasion by employing a Maurice Chevalier accent and introducing a few paragraphs in the French language.

Some hon. Members: Shame, shame.

Mr. Godin: It became obvious to the house and to the country that evening that either in English or in French the budget had very little in the way of hope to offer to the Canadian people. It did not turn out necessarily to be the loveliest night of the year.

Since then the budget has been discussed in many newspapers in the country. It has been analysed, as I will have occasion to indicate, by people who know much about the economic situation of the country. The gist of the remarks and the studies indicates that the Canadian people are not satisfied with the budget presented by the Minister of Finance.

How should I approach the budget tonight, Mr. Speaker? I am following some hon. members who have made a great contribution to this debate. Certainly I will not find inspiration in the budget speech. It has been

referred to as a stand-pat budget, as a stay-put budget, as a do-nothing budget, as a budget of omissions. I read with great interest —and it has certainly been my impression of the budget speech—the remarks quoted by a person who has great knowledge of financial affairs, the financial critic of the *Financial Times*, published in this country. In the issue of April 8, which I received this morning, I read this headline:

Stand Pat Budget Avoids Problems
Opportunity Missed for Providing Fiscal Leadership
By Minister

This article was written by E. J. DeSeau. I will quote one paragraph which definitely expresses my opinion.

Finance Minister Fleming's budget, of which so much was expected, in the end turned out to be a thoroughly disappointing document. Mr. Fleming had a wonderful opportunity to give the sort of fiscal leadership which he has demonstrated he is capable of but, for one reason or another, he ducked the challenge.

Instead, he stood pat, a posture which has little to recommend itself in these times.

Further down it says:

Mr. Fleming's budget sins are both in omission and commission.

The evening on which the Minister of Finance delivered his budget address, which we are now debating, happened to be the second anniversary of the date on which this government was elected with such a large majority and was the day before April Fools' day. I think the Canadian people on this occasion appreciated the significance of the April Fools' day as possibly many of them did two years ago. One of the most outstanding things in the budget speech on the second anniversary was that it indicated that this government in the short period of two years has brought about, not a second anniversary measured by time but a doubling of the liabilities of the country. Furthermore, they have cut down to half many of the assets which this country enjoyed only two years ago. This would be a very serious statement for an hon. member to make if he could not prove it. I am asserting it a this time and I intend to prove exactly that. I intend to show how the assets of our country have been cut in half and how the liabilities have been doubled in two years. A while ago the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) took us back to 1928. Surely we can discuss the economic condition of our country today without going back to 1928 to prove the point.

Mr. Denis: What about the period from 1930 to 1935?

Mr. Godin: That is one period they love to skip. They talk about the 1928-29 period but they skip the period 1930-35. Anyone who wishes to read the speech of the hon. member for St. Hyacinthe-Bagot will undoubtedly see that he was willing to forget the years 1930-35.

Enough has been said about unemployment to make us realize that it is an important problem in this country. I will give some information to show this liability has doubled since this government came into power. I hold in my hand an article—

Mr. Ricard: There are more Canadians at work now than ever before.

Mr. Godin: —which is dated February 17, 1958. It is from Brantford, Ontario. The Prime Minister (Mr. Diefenbaker) made a speech on that occasion. This article refers to the Prime Minister in these words:

He charged that the Liberals were trying to "fill Canadians with fear" by saying there were 800,000 Canadians out of work. The actual number, he contended, was only half that.

The Prime Minister of this country, the leader of the government, stated on February 17, 1958 that the unemployment figure was 400,000. I will quote an article which appeared exactly two years after, on February 18, 1960. It is from the Toronto *Star*. The report is dated March 4, and is from Ottawa:

There were 800,494 unplaced applicants for jobs in Canada as of February 18, Labour Minister Starr told the commons yesterday, in reply to Osias J. Godin, Liberal, Nickel Belt.

Therefore, we have the words of the Prime Minister of this country and of the Minister of Labour (Mr. Starr) that unemployment, this great liability that we are trying to overcome, has doubled under this regime.

Permit me to say a word about housing. Housing is an asset which we would like to see increased. What has happened to it? This morning I received a document from the dominion bureau of statistics, issued by the Department of Trade and Commerce. It is volume 28, No. 14 and I quote the following under the item "Housing":

Starts on the construction of new dwellings in urban centres in February declined to 2,130 units from 4,021 a year ago.

This is the anniversary that we are now discussing. From the statistics made available by the government itself we find that this asset has been reduced by one half. I will have more to say about the problem of housing in a moment.

I now come to trade. What is the situation there? What have we done about our trade position? This will be interesting to the hon. member for Dufferin-Simcoe (Mr. Rowe), who spoke the other day in favour of higher tariffs, and so on. What has happened to our trade? I intend to prove this. In the

Bank of Canada report for 1959 at page 22 —and anyone can refer to these figures— we find that the balance of payments in our dealings with the countries of Europe, putting aside the United States and so on, were, as of March 31, 1957, plus $144 million. What has happened since then? The same report indicates that in 1959 the figure not only was not plus but had become minus $224 million. That is what has happened to our international trade.

Let us take our trade with the United Kingdom and see what we find. May I refer hon. members to the dominion bureau of statistics monthly summary of foreign trade. If hon. members will refer to page 2 they will find there a table indicating our balance of trade with the United Kingdom for the years from 1952 to 1959. In 1952 the figure was plus $391.3 million. What had happened by 1959? As of December, 1959 the figure was plus $200.5 million. We see that our exports balance to the United Kingdom has been cut in half.

I stated that I wanted to prove the allegation that the people of Canada are realizing that our assets have diminished very quickly by half and that our liabilities have doubled. I should like to refer hon. members to the public accounts for 1959. It is a 1,000 page book. I do not wish to have it made an appendix to *Hansard* but I should like to refer to a few figures to be found on page 121. If hon. members will do the proper calculations they will find that the over-all surplus accumulated by the Liberal party from 1946 to 1947 amounted to $2,305 million, but now we find it has been cut in half to $1,053 million. In three years the surplus has been cut to less than half what it was—

Mr. Ricard: We have increased pensions.

Mr. Godin: —at the time the running of the affairs of this country was taken over by the Conservatives from the Liberals.

(Translation):

Mr. Speaker, after my few remarks in English, I should also like to speak briefly in French. I hope the Minister of Finance (Mr. Fleming) will not begrudge the fact that on this occasion, I have not spoken in French first.

Mr. Speaker, allow me first to commend you for the part you have been playing in the Alliance canadienne, an organization which is bound to play a major role in fostering goodwill between the two groups which make up our nation.

Mr. Speaker, just recently, I had the opportunity to attend certain meetings in Sudbury which led to the formation of such a group. I am sure that in setting up associations of that type across Canada, we shall be able to obtain the co-operation of the various groups and to promote a more peaceful coexistence.

Also, I am pleased to mention to the house that this year is the 50th anniversary of the Association Canadienne Française d'Éducation d'Ontario; the event will be celebrated next week. Like my fellow Canadians, I am pleased with the great part played by that association in the educational field in Ontario. I feel sure that in future years, this organization will play an increasingly important part in our province.

We in northern Ontario have also had the opportunity, recently, to celebrate the anniversary of the newspaper *Le Droit*, northern edition. As I said at the time, we wish that newspaper, which is gaining new readers day by day in the bilingual areas of the north, all the success it deserves.

The newly established University of Sudbury, an institution of higher learning which raises great hopes in northern Ontario, will render great services to our fellow Canadians, thanks to its bilingual nature. That institution, under a system of federation to the Laurentian University which has been set up in Sudbury, will offer specialized education to many of our young people who, in past years, had to go outside to get this type of education.

I note that our people are putting much trust in that institution of higher learning, but none the less they are also showing some concern. In fact, I had the opportunity of reading more or less bitter criticisms about this new institution.

It seems to me, Mr. Speaker, we should, first of all, believe that those who went to the trouble of setting up that institution, took the necessary steps to ensure that possible alternatives were considered in order to prevent any difficulties which might have cropped up.

To people who criticize those who have set up that institution I would say that they should have clearly pointed out, at that time, any shortcomings which, in their opinion, might have existed.

Mr. Speaker, although, for several years I have had the opportunity of taking part in the development of the bilingual group in northern Ontario, I did not have the opportunity of taking part in this achievement, but I think that with the co-operation of all concerned, that institution could be in a position to render great services to our country, in an atmosphere of harmony.

Mr. Speaker, there is no doubt that the setting up of a bilingual university in northern Ontario is more difficult than setting up one in the province of Quebec, or the setting up an additional faculty at the University of Ottawa.

For those reasons, I should like to congratulate my compatriots who have given the matter their most careful consideration, and particularly the reverend Jesuit fathers.

(Text):

I indicated a moment ago that I should like to say a few more words about the problem of housing. For the last year at least housing in northern Ontario has been a very grave problem, and the reason is easy to understand. In that area we do have productive mines. The miners are working steadily but housing has been crippled in the last few years. I venture to say that the problem of unemployment is due in large part to the fact that housing activity has diminished and in addition the lumbering industry has not been operating on the same scale as it had been previously. We were told that the housing act would bring about a certain amount of incentive. That is true, but as the minister had occasion to be told last week, the problem is in relation to this arbitrary decision to set a $5,000 income ceiling for a person applying for a government loan. This is not satisfactory. I should like to refer to the regulations which were sent out a few days ago which indicate the manner in which applicants will calculate their income in order to qualify for the loan.

As I have said, this $5,000 is the basic figure. However, I am told that the questionnaire which has been sent out will require companies to indicate, especially mining companies, not only the hourly rate paid to employees but also all bonuses paid. We all recognize that these bonuses vary from year to year. It has been calculated that in my area a worker may have a salary of $4,400, and in a good year his bonus may put him above $5,000. This person would then be ineligible for a housing loan, and would have to stay put until possibly he does not have quite as good a year. On the other hand, if a worker's combined bonus and salary is below $5,000, he will qualify.

I realize that there is a need to set up a standard. However, I believe that the standard by which we measure should be of such a nature that it will take care of all these varied problems we have throughout Canada, such as a variation in the level of the cost of living. It is a well known fact that in certain areas people do not earn the same amounts in the same occupations, and the cost of living is not the same as in other areas. Zones have been established under the industrial standards act to take care of variations in minimum rates of pay in various occupations.

I understand this regulation will work in such a way that a furnace worker will be able to apply for a loan because his salary is possibly $4,500 or $4,600 and yet in the same city and on the same street a man who is a mucker in the mine and whose income is only slightly more but whose need for a home is equally great will not be eligible for a loan. It is possible for a store manager in one area to be making less than $5,000 and thus able to qualify for a government loan, while in another area such a store manager may be making more than that and not be eligible. If some assessment were made of income levels and cost of living levels in certain areas, it would be found that bank managers, managers of department stores might not make $5,000 in some areas, while in other areas the same occupations would bring a return of $7,000 or $7,500 a year. As I have said, there should be a flexible standard established which would permit a worker in a particular area to obtain a government loan if he needs one.

I am informed, and I have received representations from my area, that it is the intention of the Minister of Finance, working with the Minister of National Revenue (Mr. Nowlan), to change the sales tax so that it will affect the tinsmiths in this country. They are not a powerful group. They are not big income companies, as a rule; these are small firms which operate in various cities. I should like to quote from a memorandum which was sent to me by Mr. McCoy, a member of the firm of Morrison Plumbing & Heating in the city of Sudbury. This letter will indicate the views of these people to the minister, and I quote:

> Under this regulation many heating contractors will be forced to close their fabrication shops and to buy all sheet metal pipe and fittings for their warm air heating installations from large manufacturers.

Mr. Fleming (Eglinton): Will the hon. member permit a question? Is he not aware that this is a matter of regulation, and the regulation about which he is speaking was withdrawn some time ago?

An hon. Member: He has not found out yet.

Mr. Godin: I am not too sure that this house has been advised of what the minister is now saying. If that is so, I am prepared to accept his word. Is the minister prepared to say that tinsmiths will not be included in the class in question which would oblige them to pay sales tax? Is the answer in the affirmative?

Mr. Fleming (Eglinton): Mr. Speaker, this is probably completely out of order, but I shall be glad to set the hon. gentleman right. This is not a matter of legislation at all. There is no budget resolution dealing with the matter of tinsmiths. What the hon. gentleman is referring to, apparently, is an interpretation of a regulation made some time ago, and that interpretation has been changed and corrected. There is nothing now affecting this situation at all involved in the budget. The hon. gentleman, I am afraid, is proceeding on information that is very stale, indeed.

Mr. Peters: It is in your budget speech.

Mr. Godin: I realize the Minister of Finance had two hours to explain his problems to the house, but I have only about 40 minutes to try to explain some of the problems of my constituents. What the minister has said is still not clear to me. Does the minister mean that this regulation, which was interpreted in one way a few months ago, has now been cancelled? The tinsmiths of this country have a great fear of the interpretation of the regulation and have taken the trouble to write to members of parliament about the problem. It is surprising that the big change which the minister has indicated is still not clear to the people who have been in this business for years. If that is true, I can only say that I do not believe this house has been informed that the regulation has been changed in any way. Perhaps the minister, in a later statement, can tell the house what the situation is.

Here is what these people have to say about the problem, and I quote further from this document:

> It has also been estimated for residential work where the tax has not been applicable, that the expense of extra cost records and bookkeeping required under the regulations plus the sales tax (estimated at $10 to $15 per house) and plus mortgage interest on both of these, adds approximately $40 to the ultimate cost of each Canadian home.

I see that my time is coming to a close, Mr. Speaker.

Some hon. Members: Oh, oh.

Mr. Godin: I realize that hon. members, especially those to my immediate left, do not like to hear the facts about the affairs of this country in 1960.

Mr. Ricard: You are not the one to give them; you are distorting the facts.

Mr. Godin: I am sure that if I went back to 1928 or thereabouts hon. members on my left would like that but I am not too sure that I would achieve much to assist the house.

I should like to say something about the problem—

[Mr. Godin.]

Mr. Speaker: The hon. member's time has not yet expired.

Mr. Godin: I could say something about the position of the veterans in this country. I believe all members of this house have received memorandums from our Canadian Legion wherein it was indicated that this government had mentioned that a revision would be made. I am no expert in the matter, but surely if this budget indicates any surplus—and it indicates the little one that was mentioned by the Minister of Finance—it is possibly owing to the fact that some of these people have not been attended to; and we are informed that the government does not now intend to bring about at least a study of the pension structure for our veterans.

Much could be said about our farmers and I have quite a few of them in my riding. However, that matter has been dealt with by many hon. members in this house, as has also the uranium situation and the situation at Elliot Lake which is close to my riding and affects my riding in many ways. But I realize that competent people have dealt with this matter also.

One problem, possibly a more specific one, That I should like to bring to the attention of the house is that of taxation in municipalities. One often hears the phrase tax on tax. We all admit that we have three levels of government, namely federal, provincial and municipal but that we have only one group of citizens to pay the taxes at these three levels. Surely if it was true two years ago that the Liberal party was overtaxing by $120 a year, one way in which this government could have kept its promise to reduce taxes would have been to ascertain that the municipal taxes paid by the citizens of this country and paid toward the services they need—schools, sidewalks, waterworks—be deducted from federal income taxes. One group of citizens must pay to the three levels of government. It would have been easy for this government, in fulfilling the promises it made, to reduce taxes to permit citizens to deduct the municipal taxes they pay to that level of government from their income taxes.

The rise of interest rates and the difficulty of borrowing experienced by the municipalities are a further indication that this should have been done. The house may be surprised to know that the municipal and provincial borrowings of this country which have been made from funds in the United States of America are in the amount of $400 million for 1959. This information will be found in the dominion bureau of statistics quarterly review on international accounts.

An hon. Member: What page?

Mr. Godin: I do not have the page here but that is the figure that anyone in this house can verify. If the interest rate had not gone to the height it has, and if this government had not been responsible for taking away every available dollar in this country by its conversion loan, the municipalities would not have been faced with the obligation to go to another country, namely the United States of America, in order to borrow $400 million. I am told—and I am no specialist—that this $400 million would be sufficient to bring our money to par if we had not to borrow this money in the United States of America. That is something to which this government should pay attention. It should at least be willing to listen when someone brings to the attention of this house the fact that through the action of this government our municipalities and provinces have been obliged to borrow from strangers and that it has forced them into that position through the conversion and other loans.

Mr. Fleming (Eglinton): Will the hon. member permit a question?

Mr. Godin: No. I am sorry, for I do not have all the time that is available to the minister.

Mr. Fleming (Eglinton): Is the hon. gentleman not aware of the fact that the conversion loan did not take a cent from Canadians? It was not a cash offering at all.

Mr. Godin: My time is limited whereas that of the minister is not.

Another thing of which I should like to remind the Minister of Finance is that the costs for municipal services vary in Canada. That is one means by which some equity could be brought about. I note that the parliamentary secretary to the Minister of Labour is laughing, but it is true that in my area public works cost much more than they do in other areas. How are we going to surmount the difficulties created by that situation?

I wish to say something about mining centres, and I have had occasion to say this previously. In northern Ontario miners must build and live in a rocky country. In other areas of the country municipal services are not as costly. If municipal taxes in the areas to which I have referred were deductible from the federal income tax it would bring about a reduction in taxes and one which would bring some equity with respect to the burden that our citizens are obliged to bear.

I realize that my time is just about up, Mr. Speaker. In conclusion I may state that last year we heard certain references to badges. I myself have read badges being worn by some of our citizens when walking in the streets; they read, "Don't blame me; I voted Liberal". I must tell the Minister of Finance that yesterday when I was walking down the street I had occasion to see a citizen whom I did not know wearing one of these badges. A friend of his walked up to him. Of course, as I walked by I noted that they shook hands and I had occasion to see the card on the lapel of the other fellow. The gentleman who approached him, reading the card, mentioned this phrase: "Please forgive me; I voted the other way".

Mr. Speaker: I am sorry to interrupt the hon. member but I must inform him that his time is expired.

Mr. Brunsden: I should like to ask a question of the hon. member who has just resumed his seat. As one of the other authorities on agriculture in the official opposition he made references to farm problems.

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

Mr. Brunsden: I am asking a question of the hon. member who has just taken his seat.

Mr. Speaker: Order. If the hon. member is asking a question, I am sorry to inform him that the hon. member who has just been speaking used up all his time and there is none left for questions.

Mr. J. W. Murphy (Lambton West): Mr. Speaker, I do not think I could add anything to the well deserved laurels that have been heaped on the Minister of Finance (Mr. Fleming). As we know, budgets are judged by time. I think history will record this as the finest budget for Canada that we have ever had.

I should like to take this opportunity of commending the young hon. member for Churchill (Mr. Simpson) for the marvellous contribution he made to this debate.

The other day the financial critic for the opposition, the hon. member for Kenora-Rainy River (Mr. Benidickson), was referring to what the government had not done and among those things he included the fact that we had not set up a committee of research. He very kindly referred to me a couple of times because of my interest in research. I do not think it is necessary for me to remind him or the house that there is on the order paper in the name of the Minister of Trade and Commerce (Mr. Churchill) a resolution to set up such a committee. I hope and expect that we shall have that committee functioning after the Easter recess.

I should also like to remind the hon. member who referred to this research problem that while we were in opposition for

six years I tried to have a committee such as this set up; and on more than one occasion we could not even get a debate on the matter through the manoeuvring of the members of the then government.

I am one of those who are very proud indeed that we are going to have a committee set up—and I am sure it will be non-political—to study not only the policies but also the administration of these three different bodies; Chalk River atomic energy commission, the national research council, and Eldorado Mining Company. I think a great deal of good could emerge from the discussions. I remember sitting on one of these committees studying different subjects years ago, and in the end that committee made one of the greatest contributions which, I imagine, any committee has ever made toward improved administration. I expect this group will do the same.

There are three items with which I should like to deal, two of them only briefly. We have heard recently about these airquakes, or the effect produced by planes which crack the sound barrier. We had an illustration here in Ottawa and there was another at Montreal a while ago. I am going to tell the house this: last fall one of these planes, apparently from Selfridge air base near Detroit, performed the same feat in my area. I happen to live on lake Huron, and a friend of mine telephoned to inquire about 30 feet of his bank which had dropped three or four feet. We had some geologists out there, and we ascertained the exact time of this drop. It was caused, according to these geologists, by this plane cracking the sound barrier. That drop of three to four feet, 30 feet back from the brow of the bank, extended for over two miles. I am going to suggest to this government that it is about time we took heed of this practice. It may be necessary but, if it is, let that practice be carried on where it is not going to do any damage. There are plenty of areas in the United States, as well as in Canada, where that can be done without flying over populated areas such as has been done on the three occasions I have mentioned.

The other item to which I wish to refer briefly has implications which discourage me very much. In the first speech I ever made in this house some 16 years ago I dealt with the tourist industry. As we all know, the set-up in this connection was introduced under Bennett and there has been a kind of autopsy ever since. We were informed recently that the revenue derived by Mexico from the United States in respect of the tourist industry exceeded the revenue received by Canada from the United States. To me that is very disturbing.

We are taking a very negative approach to this problem. We talk about trade deficits, and we have them. There is one way in which we could get another $500 million, and that is by developing the tourist industry. I think we have to make a more positive approach to this problem. Where I live I am within one day's drive, on the United States side of the border, of more people than are living in the whole Dominion of Canada, yet we are getting very little tourist traffic as I see it. Unless some change is made, we shall get even less.

On the same subject, a couple of years ago when they opened the new Canada House in New York, where the travel bureau had its office on the main floor, the United Kingdom travel bureau also had an office with about twice the space. Although Britain's revenue from United States tourists is less than ours, the United Kingdom is opening up more offices in the United States. As a matter of fact, the director for the United Kingdom received a citation—an order—from his government because of his success in promoting the tourist industry in the United States. I think the sooner we take an aggressive attitude toward the development of that industry the better it will be for our economy.

The other part of my speech deals with a subject which I think will concern many hon. members of this house. I referred a few moments ago to my living on lake Huron, one of the great lakes, which have an area of some 90,000 square miles. We were disturbed in that area on account of a platform which was being constructed by an oil and gas drilling company for the purpose of supporting drilling equipment to be used to drill for either oil or gas. The platform happened to be about 2,000 feet from the Sarnia shoreline and just a little farther from where the town has its water intake. As hon. members know, large areas of western Ontario obtain their water from lake Huron. I will say without hesitation that it is only a matter of 10 or 15 years before Georgian bay and lake Huron will be supplying water to the area from Toronto to Windsor, because it will be the only body of pure water left.

As I say, we were disturbed about this drilling operation because we knew what effect it would have upon the tourist industry, upon the beaches, upon fishing and upon health. As a matter of fact, I happened to get the idea that the company did not have the proper permit which is required in order to build a platform of that sort. The federal government can grant two types of permits and, as we also know, under the British North America Act the provinces control the land under the water but the federal government controls the water. On coming to

Ottawa to see the then new Minister of Public Works I was advised that the company did not, in fact, have the proper permit, and that the permit which had been granted was not transferable. Through the co-operation of the minister and through his action that platform was dismantled within a very few days and there have been no drilling operations attempted since.

My point is this: we are not satisfied. We know that on lake Erie there are some 13 gas and oil companies with licences and leases for drilling. We do not want that to happen on lake Huron or lake St. Clair. We feel—and rightly so—that these waters should be kept as pure as possible. The purity of these waters is more important than a few million extra barrels of oil or a few million extra cubic feet of gas, because we are certainly not short of gas and oil in this country, and we shall not be for centuries.

The government of Ontario, since Mr. Macauley took office as minister of natural resources, has taken a very active and constructive attitude with regard to this serious problem. Mr. Macauley set up a committee headed by Dr. Langford, one of the best known geologists on this continent, to make inquiries regarding oil and gas drilling on the great lakes. As a matter of fact, the committee is sitting in Sarnia during Easter week and it is also going to Lansing, Michigan. As hon. members may know, the Ontario legislature recently introduced some amendments to the energy act giving the government power to prohibit drilling for oil and gas in certain areas. What I am suggesting here is that this is the concern of several of our departments of government. Looking over the treasury benches I am reminded that almost every government department is affected including the Department of National Health and Welfare, the Department of Fisheries, the Department of Northern Affairs and National Resources, the Department of Public Works, the Department of Mines and Technical Surveys and the Department of Transport, as well as, probably some others.

My suggestion is that the two governments now get together in view of the proposed legislation in Ontario and work out a solution so that there will not be any drilling in the areas in the great lakes where there is not now drilling and so that the existing leases will not be renewed when they expire in relation to those areas where they are now operating. In this way we will probably have a greater body of fresh water. It is amazing to learn upon reading some statistics that 15 of the great rivers in the United States are so polluted as to be unfit for use by humans. No chlorination is adaptable for the impurities of those streams.

I hope the government will take notice of this problem. The Navigable Waters Protection Act was first introduced, I believe, in 1882 or 1886. Certainly oil and gas drilling did not constitute a problem then because it had never occurred on the great lakes up to that time. I believe that legislation is due for an overhauling.

One fortunate aspect of the situation is that we are receiving excellent international co-operation. This matter began to brew in August and, as a matter of fact, a meeting was called at my suggestion by the mayor of Port Huron. He was being visited by some United States senators and others together with our mayor, the city manager and so on. Protests were sent by the governor of the state to Premier Frost and also to his own state department at Washington who alerted the Canadian Department of External Affairs with the result that they were represented at any hearings held before the Ontario fuel board.

The Prime Minister (Mr. Diefenbaker) on February 12 of last year announced that a national conference on conservation would be convened and several cabinet ministers have referred to the necessity for conservation not only in relation to water but in relation to land use and all that sort of thing.

There are also some very alert bodies on both sides of the border interested in this problem. We have the great lakes commission composed of members representing the states of Wisconsin, Michigan, Minnesota, Pennsylvania and Illinois. That body has been formed to conserve and develop the water resources of the area. They believe the time has come to require all ships, large and small, to have spillage collection and storage systems. Speaking of spillage from ships, I think this must be corrected. I believe that ships will have to be required to provide containers so that they may empty their spillage at the proper places and at the proper times.

We had an illustration of the need for this some few years ago in the Parry Sound district when one of the Imperial Oil Company tanks burst. As I recall it, it took three years to clean up the mess and finally a good deal of the sand had to be removed and replaced with fresh sand. If I remember correctly the cost to Imperial Oil Company was about $1,500,000.

While a person could speak indefinitely about pollution it is not my intention to do so. We had last summer a spillage of oil in lake Erie and the beaches were rendered practically useless. Not many miles from where the platform was built last fall in lake Huron there was a well on land in the state of Michigan that gushed. Over 100,000

barrels of oil were spilled before the well could be capped. If that had happened where the platform was being built the oil would have gone into the shipping channel of the river and with the amount of freight that passes up and down in that area it would have resulted in considerable damage to property and a considerable loss of life.

Here again, just a few weeks ago, we had another gusher. We had to send to Texas for one of the men whose business it is to cap wells. It is my contention that these experts could more easily cap a well on land than on water. While it has been the stated policy of the Ontario government that it will not permit any drilling in this area if there is any danger of pollution, I feel I should point out that no system of drilling has been perfect to date to such an extent that a drilling operation is free from pollution. It is useless for the government to say, "We will permit it as soon as we are satisfied there will not be any pollution." Our contention is that we simply should not take that chance.

Another aspect of this problem is the situation already confronting some of the cities. It is amazing to learn that some of the large United States cities have had to close their beaches because of pollution. What concerns me are the changes required in the Navigable Waters Protection Act because of the possibility of fire. Because we are now having such marvellous co-operation on the part of the government of the province of Ontario and the government of the state of Michigan and of the other states bordering on the great lakes, it is time for us to get together on a high level at a conference involving the two federal governments as well as the governments of the states and provinces concerned to bring our legislation up to date. Certainly it has needed revision for a long time.

I believe that you, Mr. Speaker, and indeed many hon. members in this house live not too far from lake areas. We have on the great lakes' system hydroelectric developments at Niagara Falls and along the St. Lawrence river which are among the world's largest. The shores and waters of the great lakes provide a vast fishing, hunting and recreation area for millions of people, both residents and tourists. I mentioned a while ago that the contamination of our beaches would crucify the tourist industry, and I am satisfied that it would. Expert evidence reveals that oil on the beaches becomes jellied and most difficult to dispose of. I referred to the instance at Parry Sound a few moments ago.

We have been supported, also, by some 75 municipalities in our efforts to prohibit drilling. The Canadian-United States water pollution committee of which I have the honour to be chairman has appointed legal counsel to represent it at the hearings of the Ontario board on April 21. Counsel was directed by the executive to ask for the prohibition of drilling in lake Huron, lake St. Clair and the connecting waters. If we accomplish this we hope we can take action with respect to other areas such as lake Erie at a later date.

I am very glad to have the opportunity to bring this problem before the house. It is a serious one; it affects everybody. The water problem in this country and in this world is one of the greatest problems that we have to face. There is no question about that. The time to take action is now, before it is too late. Beaches that were good 10 or 15 years ago are not useable now, even in the large areas. I am sure that the many departments concerned, realizing the importance of avoiding any damage to property or loss of life, will consider the episode which happened in Michigan within the last few months because, as I said before, and I repeat, if that had happened where the drilling platform was being erected it could have scuttled probably 100 ships in the St. Clair river since you can always stand on the bridge and see maybe 30 or 40 ships going one way or the other.

It is too serious a matter for us to ignore. With the co-operation of the different states and their willingness and determination to try and cure this evil, I think we can work together to obtain the necessary results.

(Translation):

Mr. Azellus Denis (St. Denis): Mr. Speaker, after hearing the hon. gentleman who preceded me in this debate one would swear that our Conservative friends are really not as noisy as they sounded at the time of the budget speech by the Minister of Finance (Mr. Fleming).

You certainly recall the racket that was raised in this house on that occasion. It got so bad, Mr. Speaker, that at one point I thought that your furniture was in danger and I suggest that you might have the desks checked to see if they are as solid as before the budget speech.

Mr. Martel: You are quite surprised to see that they are.

Mr. Denis: According to one newspaper, our friends opposite found 44 opportunities for applause during that speech which to me was odourless, colourless and tasteless.

An hon. Member: Mr. Martineau, listen.

Mr. Denis: What worries me most is the fact that our friends opposite applauded just about anything, at any time.

An hon. Member: That surprised you so much you did not dare talk about it.

Mr. Denis: Even when the minister talked about a deficit, the Conservatives were applauding wildly. The same thing happened in the case of hypothetical surpluses. The same attitude also toward our three quarters of a million unemployed. Our friends the Conservatives applauded to such an extent that I was afraid that group had become hysterical and unable to distinguish between good and evil.

However, in all fairness to them—

Mr. Ricard: The hon. member cannot distinguish between good and evil.

Mr. Denis: The Minister of Finance was applauded when he had the courtesy to say a few words in French.

Mr. Ricard: That hurt you.

Mr. Denis: You see how the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) reacts in the face of the Minister of Finance. He does not want national unity.

An hon. Member: Oh.

Mr. Denis: I should like to congratulate the minister for his delicate attention.

Mr. Ricard: It took a Conservative government to do such a thing.

Mr. Denis: He referred to those few sentences in French as "part of the budget speech". Mr. Speaker, the Minister of Finance is already well grounded in French; he is even able to exaggerate in French as well as in English.

Mr. Fortin: You will not forgive him for having spoken in French.

An hon. Member: Look at little Fortin.

Mr. Denis: I suggest to the hon. member for Montmagny-l'Islet (Mr. Fortin) that he mind his statements about the Union Nationale. He has spoken about it in a way that is not appreciated at all, especially when he said that "the province of Quebec is in no way different from the others", and particularly when he stated that the present premier, Mr. Barrette, was a premier—

An hon. Member: You are sorry about that—

Mr. Denis: —was a man of great prestige. As for the Minister of Finance, he exaggerated when, speaking in French, he gave us to understand that it was "part of his budget speech". You will agree with me, and the hon. member for St. Hyacinthe-Bagot will agree with me, that those seven short sentences in French, out of a total of 35 pages of English text, were more a mark of courtesy than "part of the budget speech".

Mr. Ricard: Your ministers of finance have not made budget speeches in French.

Mr. Denis: We are grateful for that—

Mr. Ricard: He is crying.

Mr. Denis: We want to thank him for his friendly attitude, but he might have given us more tangible and more positive proof of his willingness to help his French speaking fellow Canadians. For instance, he might have used his influence to raise the number and importance of French-Canadian representation within the cabinet. I am reminded of an article which appeared in *Le Devoir* for June 22, 1957, from which I should like to quote tonight, because I think it fits the occasion. I quote:

> Mr. Diefenbaker had better not try to run an election in Quebec with one or two French-Canadian cabinet ministers in secondary departments. No matter how pleasant he tries to be and how praiseworthy his efforts to deliver speeches in French, it will not work.

That is exactly what happened, Mr. Speaker, it did work.

In the Conservative party, there are no doubt French-Canadian members who have talent, prestige, personality—

Mr. Ricard: They all have.

Mr. Denis: —who have personality and who could fill important positions in the cabinet.

You have some Conservative French Canadians who might fill the post of minister of justice as Mr. Lapointe did.

There are also some who might head the Department of Public Works, as did Mr. Cardin in Liberal days.

We also have the transport department which was so efficiently directed by the hon. member for Laurier (Mr. Chevrier).

Mr. Fortin: And Mr. Marler.

Mr. Denis: And why should the Department of Finance not be entrusted to a Conservative French Canadian? He surely could not do any worse than the present incumbent.

Now, Mr. Speaker, what happens is—

Mr. Martineau: He could not do better, either.

Mr. Denis: Our fellow citizens have been given secondary appointments. We get beautiful phrases in French but when it comes to the important posts: nil.

In fact, one is a minister to prisoners, and one is a store clerk; the first is a stone crusher and the other is a batman to the Minister of National Defence.

Mr. Fortin: The hon. member for Trinity (Mr. Hellyer) would certainly not appreciate those words of yours.

Mr. Denis: May I ask the Minister of Finance and the government to show confidence to a greater number of my Conservative French-Canadian friends, That unity which the Minister of Finance referred to during his budget speech would be all the better for it.

Mr. Speaker, may I ask the hon. member for Port Arthur (Mr. Fisher), who unfortunately is not at his desk tonight, not to worry about Canadian citizens in the province of Quebec. He should not waste his time listening to outcries by some of our Quebec politicians who criticized people or another race or the central government for the sole purpose of winning elections. They depicted Ottawa as an enemy, as a bogey, to the sole end of winning the election.

Mr. Fortin: Such was the position in the days of the Liberals.

Mr. Denis: And yet, there are today, among the Progressive Conservatives, as many English speaking people as in Liberal times.

Today, the Ottawa Conservatives are members of the federal parliament as were the Liberals at that time. How did such union come about? You will find, Mr. Speaker, that our friends of the Union Nationale have nothing against the English or against the central authority. They are opposed to English Liberals, Liberal members of parliament, and they would even be against our friends from the C.C.F., if that party had any significance. Such is not, as you will see, the reason for which some of our Quebec politicians used to denounce Ottawa. It was not for racial reasons, but simply because, formerly, the Liberals were ruling this country and speaking of autonomy at the time. However, such autonomy does not exist any more. It has been entirely reversed.

Mr. Speaker, I want to put on record a statement which also explains another attitude taken by some of our Quebec friends. That statement was published in the paper *Le Devoir* of April 7, 1960. It is a statement by Mgr. Maheux, a career professor, lecturer, historian, archivist and well-known author. That is what the article says:

[Mr. Denis.]

The thesis of Mgr. Maheux is that 80 per cent of French Canadians are normally people who want to survive as such, without hatred, without prejudice, without acrimony.

Twenty per cent would be nationalists who have difficulty in accepting co-existence. Others are very vocal ultra-nationalists. As soon as they make some wild statement, they make the headlines in the papers of the rest of the country, and that is the way we are judged, as if we were separatists.

The same thing happens in reverse: if some Ontario Orangeman rants against Quebec, he gets wild publicity in Quebec as in the rest of the country. This is childish. All that only serves to keep prejudices alive.

It is thus, Mr. Speaker, that since the Conservatives have been in office, the misunderstanding which existed between Ottawa and Quebec has become co-operation. It is the leader of the Union Nationale who recently made that decision and stated that he wished to co-operate, hand in hand with Ottawa. Consequently, the autonomy of former years should still exist, or else it was simply an autonomy serving a definite purpose.

Mr. Speaker, you have heard the remarks of the hon. member for Port Arthur. We have there the makings of disagreements which might grow into something bigger, and for which our friends from Quebec would have to take their share of responsibility. For flaunting their phony autonomy to win elections they will be responsible for causing the province of Quebec to lose hundreds of millions of dollars in federal grants. They refused those grants for the sole purpose of winning elections.

I have here a list of the amounts that were voted by the federal government and which the province of Quebec could have accepted just as did the other provinces. That list includes the construction of the trans-Canada highway and I now hope the Quebec government will co-operate with the federal government to get back a part of the money we have been paying to the rest of the country in the form of taxes, and which is being distributed across Canada while we are not getting anything, thanks to the Union Nationale.

The list also includes the winter works program carried out to reduce unemployment in municipalities, which has been rejected by practically every municipality in Quebec, as a result of the Union Nationale government's refusal to contribute, and also of its delayed authorization. It also includes the development of camping and picnic grounds, the construction of access roads to certain resources; forest fire protection; reforestation for forest inventories; practical

forestry work; access roads to forests; development of national parks; forest protection against the spruce budworm; unemployment assistance; hospital insurance; civilian rehabilitation; farm labour; youth training; apprenticeship, training of foremen and supervisors, and many others.

As a result of this notoriously phony autonomy, the province of Quebec has been refusing over $100 million a year from the Ottawa government.

(Text):

Mr. Speaker: Order. I am not sure that the hon. member does not think he is in another legislature because it seems to me that the grievances he is bringing to the attention of the government relate to another government entirely.

Mr. Denis: Mr. Speaker, I humbly submit that in the budget there are some problems relating to the provinces and the federal government and those problems must be interrelated. If the province of Quebec, for instance, is against the federal government no doubt the Minister of Finance (Mr. Fleming) cannot do much to help the province of Quebec, to which province I belong. I think it is my duty to explain to the house the hundreds of millions of dollars that have been refused and to refer to the various reasons for these refusals.

Now that we have a Conservative government in Ottawa which is friendly to the present government in Quebec and in view of the fact that the premier of Quebec has decided to co-operate hand in hand with the federal government, I humbly submit that I should be entitled to give a few examples of things that should be corrected in the interests not only of the province of Quebec but of the whole of Canada. It seemed to me that the hon. member for Port Arthur (Mr. Fisher) wrongly thought that the people of the province of Quebec were against the federal government or the other provinces.

Mr. Speaker: I think the hon. member perhaps misunderstood me. My suggestion was that he direct his review of federal-provincial fiscal problems, if he wishes to discuss them, to the federal responsibility and not to the attitudes and actions of the province of Quebec which is the other side, as he says, but whose acts are not strictly relevant.

Mr. Denis: Mr. Speaker, I will abide by your ruling. I should like to speak for a few minutes about the budget but unfortunately there is nothing in the budget. I have proof of that because the hon. member who spoke before me did not talk much about the budget at all.

(Translation):

Mr. Speaker, I was saying that the Minister of Finance gave us a colourless, odourless and tasteless budget speech. Unfortunately, his budget speech made me live over a year of deception, a year of deficit, a year of high cost of living, a year of high interest rates, a year of trade imbalance, a year of reconversion, the notorious reconversion which had the effect of reaping the money of the people, with the result that our manufacturers could no longer find the required money to keep on operating their small industries. Therefore, the government made me live over a year of deception, because it dealt with anything but what was important, necessary and urgent. This budget advises me moreover to be prepared for another similar year, a year of deception, since the budget is about the same.

There has been no change worth mentioning and we will go on living just as last year.

They will continue to play the administrator. Important problems will be put aside and will be left unsolved next year just as last year. They are playing and they will continue to play the administrator, but they will take great care of their publicity.

The important problems, to our Conservative friends, are to stay in power, take care of their publicity, control radio and television, visit the world, travel—this looks good in the newspapers and it seems truly important. But what good does it do to have consulates, agencies, paid representatives in different countries to take care of our affairs? The minister has to go there just the same, even if it is only to see if our representative is a Conservative or a Liberal.

And we will spend weeks dealing with the Jacques Cartier bridge issue. That is something to give work to our unemployed; that is something that will lower the national debt, the interest rate, the cost of living, the credit restrictions. That is not important. What they need is a little scandal so they can throw up a smoke screen to hide a bad administration. We will talk for days about capital punishment. Who discussed capital punishment during the last election campaign? Nobody. That matter had no importance then.

In 1956, a committee of members of parliament and senators of all parties reported on the matter after considering it for many months. The committee heard the evidence of jurists, of an executioner, of wardens, constables, policemen, etc., and came to the conclusion, in 1956, that capital punishment should remain on the statute books. Well, it happens now that this government, while there is unemployment, while the national debt and the cost of living are increasing,

extends the debate for one, two, three and four days more to deal with capital punishment. That is what is important to them, because it works as a smoke screen, helping to make us forget the bad administration of their government. Newspapers are full of articles about that; we are shown photos of the electric chair, photos of the scaffold, and everyone explains to us the reactions of the condemned, five minutes before he goes to the scaffold, five minutes before and after. That is what we are concerned with, instead of concerning ourselves—

Mr. Allard: Tell us something about economy.

Mr. Martineau: Tell us something about post offices.

Mr. Denis: Besides, I am not the only one to criticize the budget speech of the Minister of Finance. I have read some editorials, some leading articles of certain papers.

An hon. Member: Is that true? It does not show.

Mr. Denis: I should like to place on the record not only the views of Liberals, not only the views of the opposition, not only those of the C.C.F., but also those of the hon. member for Dufferin-Simcoe (Mr. Rowe) and of the hon. member for Rosthern (Mr. Nasserden) who, on the subject of agriculture said the present government has enacted backward legislation.

On April 1, the Montreal *Star*—

Mr. Fortin: It was an April fool.

Mr. Denis: The Montreal *Star*, as I say, published an editorial. This is not a Liberal, a Conservative or a C.C.F. supporter speaking, it is a newspaperman discussing the budget. I quote:

(Text):

This may not be what the man in the street must look for in a budget—

(Translation):

Here is what *Le Devoir* of April 2 had to say:

A report on the budget, why?

The Montreal *Matin* of April 4 reported:

—a disappointment to those who expected a reduction in the taxpayers' tax burden.

La Tribune added:

—a dull and uneventful budget.

The hon. member from Montmagny-L'Islet who has been interrupting me for some time would be doing something more useful if he went and supervised the winter works program in his constituency—

Mr. Fortin: I have just been there.

[Mr. Denis.]

Mr. Denis: —for there is a possibility that there might not be any. It is a ridiculous program, but he might go and see what is happening and report to the house on what the winter works program is good for.

Mr. Fortin: I have just been there.

Mr. Denis: I was referring to *La Tribune*. Let us see now what *Le Droit* had to say:

—to Mr. Fleming who had extolled the huge reconversion loan program as being sound management of the debt; *Le Droit*: "Perhaps the greatest blunder ever made by a government".

La Presse of April 1 had this to say:

—an unstable balance.

(Text):

To Mr. Fleming, telling that Canadians can increase their own domestic capital by the practice of productivity and thrift: "It is a pity Mr. Fleming and his colleagues did not set an example a little sooner."

(Translation):

Mr. Flamand—

Mr. Fortin: Give us your opinion.

Mr. Denis: What I am giving you are my views on an odourless, colourless and tasteless budget speech.

The Winnipeg *Free Press* says:

(Text):

Mr. Fleming is still a long way from the $500 millions tax reduction which his party cheerfully promised the nation three years ago.

(Translation):

This is what *L'action Catholique* said:

—if the budget speech does not grapple directly with farm and unemployment problems, the same may be said about our trade deficits and the imbalance of our international payments.

Le Soleil—

Mr. Fleming (Eglinton): Of what date?

Mr. Denis: One or two days after the Fleming budget which was colourless, odourless and tasteless; on April 1, April 2 or April 3.

(Text):

In order to save time I did not mention the dates, but I have the dates here...

(Translation):

Le Soleil of Quebec had this to say on April 2, 1960:

—one wonders if the federal government has done all it could to reduce its expenditures.

And *L'Événement Journal* said the following, on April 2, 1960:

—the government seems to have adopted a kind of wait-and-see policy.

Here is what *Le Nouvelliste* of April 2, 1960 said:

It is still a far cry from the Liberal surpluses which so annoyed the opposition at the time.

Well, Mr. Speaker, for all those reasons, and others that I cannot mention for lack of time, I will wholeheartedly support the amendment moved by the hon. member for Kenora-Rainy River (Mr. Benidickson) that:

(Text):

This house regrets that the financial policies of the government will produce a fourth consecutive over-all deficit in a year of "so-called prosperity", while at the same time offering no solution to the problem of rising prices, a continued high premium on the Canadian dollar, increased pressure on provinces and municipalities to borrow outside Canada, and high and rising unemployment.

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, in this sixth day of the budget debate there is little left to be said. I want to take this opportunity of congratulating the Minister of Finance (Mr. Fleming) upon a job well done. To have taken over the financial difficulties which were building up prior to 1957 and to have balanced the budget in three years is an achievement of which the minister and this government can be very proud.

As the hon. member for Greenwood (Mr. Macdonnell) stated in his address in the house, while the Minister of Finance had hoped to balance the budget this year, this has been accomplished. Commenting on this accomplishment, the hon. member for Greenwood stated as reported at page 3006 of *Hansard*:

I think as one looks back one can see that it has not come about by accident but was based on long term planning and tenacity.

I certainly agree with this statement. Judging from newspaper headlines and editorial comments the balanced budget has been well received in all parts of Canada. Most people realize that after the period of deficit financing that stopped the threat of recession, a balanced budget will bolster the confidence in the Canadian economy. Even opposition speakers have more or less admitted this fact through their more than moderate criticism in this budget debate.

Canada's financial growth is graphically illustrated in a chart which appeared in many newspapers across Canada and which was headed "Awakening Giant of the Twentieth Century". It shows a graph of the gross national product as it continues upward, and it has been climbing more steeply in the last two years. Underneath the chart are these words:

Nothing so dramatically reveals Canada in the role of the awakening giant of the twentieth century as a glance at the chart above which shows the spectacular jump by which the country's gross national product has soared upward...to a prodigious 34.5 billion in 1959...Canada has emerged from an industrial fledgling, bursting with purpose and activity, to take her place as one of the great industrial nations of the world.

I suggest that it is the policies of this government and, as has been stated, the long term planning and tenacity of the Minister of Finance that have made this chart possible.

Comments from my own city of Moose Jaw in Saskatchewan indicate, I believe, the general opinion on the effect of the budget in this new fiscal year. I have here newspaper statements from interested parties. The president of the Moose Jaw chamber of commerce said that the budget semed to be a reasonable one. The secretary of the local branch of the joint action committee and secretary of the local of the civil service association of Canada said that he was most pleased with what he had heard about civil servants' pay. He added that it was a step in the right direction. I might add that prior to coming down here to Ottawa I had dealings with the civil service. I found them to be very reasonable. I told them that the Minister of Finance had said that when the occasion arose the government would treat the civil servants in the various categories as well as it was possible to treat them.

The first vice president of the Saskatchewan wheat pool who lives in Moose Jaw said, "There seems to be little in it for the farmers". From personal acquaintance with him I know he is a reasonable man; and I am sure he will admit that farmers as well as other segments of our economy will benefit from the confidence in our future inspired by a balanced budget.

The mayor of Moose Jaw said that he was glad that the taxes on the people had not been raised. He also said he hoped the statement that the government would be getting out of the money market as much as possible would help municipalities with their financial problems.

In connection with municipal financing, I should like to re-emphasize what others who have spoken have said about the greatly increased grants of money the federal government is now making to the provincial governments. The Minister of Finance outlined how much more money is now going to the provincial governments in the table which appears at page 2676 of *Hansard*. I should like to refer to that table for a moment. I will just outline the totals. This table shows unconditional payments, conditional payments and extra payments. The unconditional payments estimated for the new fiscal year 1960-61 total $870.1 million as compared with $552.7 million in 1956-57. The conditional payments estimated for this new fiscal year total $389 million as compared with $111 million in 1956-57, the last fiscal year of the Liberals. Then there are extra payments, such as

university grants and grants to municipalities in lieu of taxes on federal government property totalling $41.8 million as estimated for this new fiscal year as compared with $25.7 million in the 1956-57 fiscal year.

The grand total shows the picture much more plainly. In this fiscal year 1960-61 the federal government is giving to the provincial governments by way of grants $1,300.9 million compared with $689.4 million in 1956-57, the last year of the Liberal administration. In other words, the federal government is paying in grants this year almost double what was paid by the Liberal government in the fiscal year 1956-57.

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

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire from the house leader whether he is in a position to give the business when the house resumes after it adjourns on Wednesday this week?

Mr. Churchill: When the house re-assembles on April 25 the order of business for that week will run as follows. Monday is a private members' day. On Tuesday we will start off with No. 8 on today's order paper, second reading of Bill No. C-56, to amend the Federal-Provincial Tax-Sharing Arrangements Act, followed by No. 9 on today's order paper which is second reading of Bill No. C-57, an act to amend the Trans-Canada Highway Act. The third item is No. 10 on today's order paper, the resolution in the name of the Prime Minister dealing with the tenure of office of judges. The fourth item would be the motion in the name of the Prime Minister to set up a select committee on the procedure of the house.

Mr. Chevrier: What number is that item?

Mr. Churchill: That is item No. 15 on today's order paper. The fifth item is No. 11 on today's order paper, being the motion in my name to set up a select committee to consider the national research council and other matters as there outlined. Then those items of business being completed, we would continue with budget resolutions. That would be the business of the house for Tuesday, Wednesday and Thursday. If completed by that time we would then take up the estimates of the Department of Agriculture.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

AVERAGE EGG PRICES, 1947-59

Question No. 274—**Mr. Boulanger:**

What was the average price for eggs of each grade for the period, 1947 to 1959 inclusive, (a) in the three prairie provinces; (b) in all ten provinces?

Questions

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

The records of egg prices presently maintained do not include an average for each grade as requested. However, a record of the weighted average price for all grades combined is presently maintained and for grade A large size only. These records do not include Newfoundland as such records have not been available in that province until only recently. A copy of these records, which are available for the period since 1949, are attached.

WEIGHTED AVERAGE PRICE TO PRODUCERS GRADE A LARGE SIZE

——	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.
1949	45.1	39.6	39.3	39.8	42.2	44.4	47.3	44.3	45.2
1950	43.0	35.2	33.9	33.2	36.7	38.0	41.4	42.2	39.3
1951	53.1	46.1	46.4	45.6	51.8	53.4	54.1	53.7	51.9
1952	41.0	34.2	31.4	32.1	39.0	41.2	41.6	48.4	37.2
1953	49.0	39.8	40.0	40.5	48.0	49.4	51.0	48.8	48.7
1954	40.8	33.7	32.1	33.2	36.9	38.9	40.3	40.2	34.4
1955	44.6	36.0	33.6	36.0	41.6	43.3	43.4	46.9	38.6
1956	47.0	35.5	35.6	36.7	42.4	44.7	45.0	44.7	41.4
1957	36.6	31.9	31.7	31.8	35.6	38.0	39.2	39.5	33.3
1958	37.1	31.8	30.8	31.3	38.8	40.7	42.1	40.3	35.9
1959	35.4	29.8	29.6	29.4	34.0	35.7	37.0	35.5	32.3

WEIGHTED EGG PRICES TO PRODUCERS AT REGISTERED GRADING STATIONS—1949 TO 1959

AVERAGE PAYING PRICES WEIGHTED BY GRADE (ALL GRADES) FOR EACH PROVINCE

——	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Canada
1949	42.7	35.8	33.5	36.4	39.3	46.0	44.2	47.9	41.5	39.4
1950	41.5	30.8	27.2	29.6	35.0	40.2	39.7	42.8	34.8	34.9
1951	49.6	43.3	42.7	43.1	48.9	52.3	52.0	51.7	48.8	48.1
1952	38.6	30.0	24.6	28.0	36.7	40.5	40.0	41.6	33.9	35.1
1953	46.7	36.8	34.9	36.9	44.6	48.3	47.4	46.3	43.8	43.0
1954	37.5	30.2	27.2	29.3	34.0	38.1	36.1	34.9	31.4	33.7
1955	42.1	31.8	28.5	32.1	39.4	43.5	40.6	43.2	33.9	38.1
1956	42.7	31.9	29.9	32.8	39.1	43.6	42.3	41.0	35.2	38.1
1957	32.6	26.4	24.3	27.5	32.4	36.6	36.8	34.9	29.8	31.4
1958	33.3	26.1	23.5	26.2	35.0	38.7	38.8	35.3	31.7	32.7
1959	32.1	24.7	21.8	24.1	30.1	33.9	33.1	30.3	26.6	29.2

Questions

C.N.R. REPAIR SHOPS, MONCTON, N.B.—PERSONNEL

Question No. 286—**Mr. McWilliam:**

1. How many men were employed at the Canadian National Railways repair shops, Moncton, New Brunswick, in each year, 1952 to 1960 inclusive?
2. Will there be a reduction in staff when the hump yard is put into operation? If so, by what number?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The management of Canadian National Railways advise as follows:

1.

Year	Average number for each year
1952	2277
1953	2148
1954	1739
1955	1885
1956	2011
1957	1769
1958	1613
1959	1631

2. It is not anticipated that the operation of the hump yard itself will have any effect on shop repair forces. (A hump yard automatically sorts freight cars by destination in order to speed up movement of traffic.) Equipment maintenance and the amount of staff required depend on fluctuations in traffic, car utilization and handling and, also, improved work methods.

C.N.R. TIE PURCHASES

Question No. 287—**Mr. Pickersgill:**

1. What quantity of railway ties produced in the Atlantic provinces was purchased by the Canadian National Railways in each of the calendar years, 1956, 1957, 1958 and 1959?
2. What quantity of railway ties produced outside the Atlantic provinces was purchased for use in the Atlantic provinces by the Canadian National Railways in each of the calendar years, 1956, 1957, 1958 and 1959?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The management of Canadian National Railways advise as follows:

1.

Year	Quantity ordered	Quantity delivered
1956	993,206	573,658
1957	977,420	833,825
1958	841,303	728,550
1959	578,748	487,110
Total ...	3,390,677	2,623,143

2. It is not the policy of the railways to purchase ties outside of the Atlantic region for use in the Atlantic region.

TAXATION OFFICE, WINDSOR—TEMPORARY PERSONNEL

Question No. 340—**Mr. Martin (Essex East):**

1. How many temporary office workers are at present employed by the district taxation office in Windsor, Ontario?
2. How many such workers were employed between January 1, and May 31, 1959?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

Number of seasonal (temporary) employees at Windsor district taxation office:

1. At 31st March, 1960, 8.

2. At 31st January, 1959, nil; at 28th February, 1959, 26; at 31st March, 1959, 27; at 30th April, 1959, 27; at 31st May, 1959, 20.

HOUSE OF COMMONS

Tuesday, April 12, 1960

The house met at 2.30 p.m.

STANDING ORDERS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Miss Margaret Aitken (York-Humber) presented the second report of the standing committee on standing orders, and moved that the report be concurred in.

Mr. Speaker: The hon. member has unanimous consent to move concurrence in this report later this day? Perhaps some arrangement might be made to dispense with the reading of it, because it is a long report. If the conclusions or recommendations are read, will that be satisfactory?

Mr. Chevrier: What is it?

Mr. Speaker: It is a report of the standing committee on standing orders with respect to various petitions for divorce which were technically imperfect and required consideration by the committee. Is it agreed that we dispense with the reading of all but the recommendations?

Some hon. Members: Agreed; dispense with all.

Mr. Speaker: Dispense.

Motion agreed to.

(Translation):

PRIVILEGE

MR. BOULANGER REFERENCE TO STATEMENT IN DEBATE BY MINISTER OF AGRICULTURE

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I rise on a question of privilege. On going over yesterday's *Hansard* I find that the Minister of Agriculture gave the impression that I had based my question on a report dating back to 1959.

Although I was sure that such was not the case, I took the trouble of again checking the report from "Le Bulletin des agriculteurs" to which I had referred, and I repeat that the item was indeed dated March 1960.

I hope that, in the meantime, the Minister of Agriculture had an opportunity of checking on the accuracy of his gratuitous statement in my regard.

(Text):

Mr. Speaker: The hon. member has given an explanation. It does not seem to raise a matter of privilege; it is an explanation of a matter reported in *Hansard.*

TRADE

RUSSIA—ANNOUNCEMENT OF CONCLUSION OF AGREEMENT

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, negotiations for a trade agreement between Canada and the U.S.S.R. have now reached a stage where a basis for agreement has been established. The delegation of Canadian officials which has been in Moscow during the past week now reports that the final stages of the negotiations have been completed and that the agreement is ready for signature.

The last agreement was signed in Ottawa. On this occasion the agreement will be signed in Moscow. The Minister of Trade and Commerce has been given the authority to sign on behalf of the government of Canada. He will leave for Moscow tomorrow, and it is expected that the agreement will be signed on Saturday.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure the house will be gratified to learn that at last this agreement is about to be signed by the Minister of Trade and Commerce in Moscow. I assume that the agreement will be submitted to the house for consideration before ratification.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the members of this group consider this a welcome announcement, and hope this will be an omen of agreement on other questions to come.

[*Later:*]

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce arising out of the announcement made earlier today about his trip to Russia to sign the proposed Russian-Canadian trade pact. My question is this. Is he in a position today to give any information as to what will be in the trade treaty, particularly with reference to wheat?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, the details of the trade agreement, of course, will be brought before parliament in due course for ratification, but substantially the agreement amounts to a plan to enlarge the trade between the two countries on a two to one

basis. In other words the U.S.S.R. has agreed that for every dollar's worth of Russian goods purchased by Canada they in turn will buy two dollars' worth from us.

Our trade last year with the U.S.S.R. amounted in round figures to $2¼ million of imports into Canada. Our exports to Russia, again in round figures, amounted to about $12¾ million. The agreement provides for the purchase by Russia of about 7 million bushels of wheat. Depending on the grade that is purchased, the value of that wheat would run say from $10 to $12 million. Correspondingly, then, Canada would require to import from Russia goods to the value of from $5 to $6 million. The agreement looks toward a higher figure for trade generally in other commodities.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the minister whether this agreement is not on a much smaller scale than the previous agreement in which the ratio of Canadian purchases was less and the ratio of Canadian exports was higher? May I also ask the minister whether in the proposed treaty Russian-made automobiles are included among the commodities to be purchased?

Mr. Churchill: I am not aware of the ratio that the hon. member mentions—

Mr. Pearson: Five to one.

Mr. Fleming (Eglinton): That was not provided in the agreement.

Mr. Pearson: It was the effect.

Mr. Churchill: There was a separate letter with regard to purchases of wheat over a three-year period. There is a target set in this agreement of purchases by Canada of $12½ million as against $25 million to be purchased by Russia. We have not specifically mentioned any article other than wheat in the agreement.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the minister what arrangements have been made under this agreement to ensure that this proportion of Russian imports do in fact come into this country?

Mr. Churchill: Mr. Speaker, we are not a state trading nation, and the Canadian government cannot ensure that the proportion desired comes into the country from Russia. This is a matter for the businessmen of this country who are alert to seize business opportunities.

TRANSPORT

CHANGE IN DEPARTURE TIME OF TORONTO TRAIN ON APRIL 13

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I have an announcement that will be of interest to members travelling to Toronto and western Ontario tomorrow afternoon by train. The pool train that usually leaves at 3.30 p.m. will leave at 3.45 p.m. in order to give members a chance to get aboard.

Mr. Chevrier: Following a good precedent.

IMMIGRATION

EAST GERMANY—STATEMENT CORRECTING NEWS REPORT RESPECTING REFUGEE FARMERS

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, it is important that I correct an erroneous news report which was prominently displayed in virtually all newspapers and broadcast several times over the radio in the Federal Republic of Germany yesterday to the effect that German farmers who have recently fled from the Soviet zone cannot emigrate immediately to Canada.

This statement is contrary to fact, since our officers in West Germany deal without delay with the applications of persons who have fled from the east zone of Germany and who have been classified as refugees by the authorities of the federal republic.

It is a matter of record that Canada has accepted many thousands of refugees from Germany. It would be most unfortunate if this erroneous news report should act as a deterrent to the movement of agriculturists from East Germany, who are welcome in Canada and for whom excellent settlement opportunities continue to exist.

TRADE

REPORT OF STUDY GROUP ON TRANS-ATLANTIC ECONOMIC ORGANIZATION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask either the Minister of Finance or the Secretary of State for External Affairs if he can make any statement to the house on the report of the four experts to the 20-nation body dealing with European economic co-operation, which report apparently was made yesterday in Paris.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have not the actual text of the report yet but I had some intimation of the nature of the report that was likely to be made. Canada made her views known to the four men in question some weeks ago, along with the other countries that were concerned. I do not think it would be appropriate for me to go beyond that at this point.

SPORTS

HOUSE OF COMMONS—CHAMPIONSHIP BOWLING TEAM

On the orders of the day:

Mr. R. J. McCleave (Halifax): Mr. Speaker, I have a question for the Postmaster General on behalf of the hon. member for St. Denis. In view of the fact that within the last hour the hon. member's team has won the House of Commons bowling championship, will the Postmaster General give consideration to issuing a stamp commemorating this event, which is an outstanding feat for the master of the left-handed screwball?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I received no notice of this question. I am sorry that we cannot issue a stamp for this purpose, but I would express my gratification that the hon. member for St. Denis seems to make more strikes outside of the house than he does inside.

Mr. Azellus Denis (St. Denis): I must thank my good friend the Postmaster General for his kind words of congratulation. May I assure him that I did not win as the result of theft.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO REPORT BY ADVISORY COMMITTEE ON HOLIDAY AND SEVERANCE PAY

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): May I ask the Minister of Labour whether he has yet received a report from the unemployment insurance advisory committee in respect of regulations 172 and 173 of the Unemployment Insurance Act?

Hon. Michael Starr (Minister of Labour): No, Mr. Speaker.

[*Later:*]

Mr. Regier: I wish to direct a question to the Minister of Labour. Will he explain to the house the reason for the long delay in the report of the unemployment insurance advisory committee reaching his office? Is he taking any action to obtain an early delivery of that report?

Mr. Starr: I can only repeat what I said last week and on a number of occasions prior to that time, namely that I have had communications with them urging them to bring in this report. They held another meeting on Friday and the report is not in yet.

CANADIAN BROADCASTING CORPORATION

ROCK 'N' ROLL PASSION PLAY—PROPOSED PRODUCTION DURING EASTER WEEK

On the orders of the day:

Mr. John Pratt (Jacques Cartier-Lasalle): I should like to direct a question to the Minister of National Revenue in his capacity as spokesman for the C.B.C. I have received a protest from one of my constituents against a proposed television production during the forthcoming Easter week by the Canadian Broadcasting Corporation of what is described as a rock 'n' roll passion play. Could the minister inform the house whether he has received a similar complaint or whether, to his knowledge, the C.B.C. has received complaints in any significant numbers with reference to such a program?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the hon. member was good enough to send me notice of his question this morning, which gave me an opportunity to inquire of the corporation about this matter.

In the first place, I have received no such complaints whatever, nor has the corporation. The C.B.C. has no intention of producing anything which could be called a rock 'n' roll passion play. The first intimation the corporation had of this was when they read the news story in the papers this morning. I am advised that it is without any foundation in any shape or form.

NATIONAL CAPITAL PLAN

INQUIRY AS TO APPOINTMENT OF CHAIRMAN OF COMMISSION

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): I should like to ask the Minister of Public Works whether an appointment has yet been made to the position of chairman of the national capital commission.

Hon. D. J. Walker (Minister of Public Works): I thank the hon. member for the question, and I can tell him that Mr. Alan Hay has been appointed chairman of the national capital commission for a temporary period.

Mr. McIlraith: What is the significance of the addition at the end of the answer of the words "for a temporary period"? Does that relate to the time only, or does it relate to the authority of his office?

Mr. Walker: Mr. Speaker, two months.

EXTERNAL AFFAIRS

DISARMAMENT—INQUIRY AS TO CANADA'S AGREEMENT TO LONG ADJOURNMENT

On the orders of the day:

Hon. Paul Martin (Essex East): I should like to direct a question to the Secretary of State for External Affairs. In view of the apparent failure of the members of the 10-power commission to make progress in the

matter of disarmament, I should like to ask whether the Canadian government consented to the long adjournment of the commission about which Secretary Herter complained; or was Canada's agreement made on the sole initiative of the spokesman for the Canadian delegation?

Hon. Howard C. Green (Secretary of State for External Affairs): The hon. member for Essex East should not be so downhearted about the disarmament negotiations. I am leaving tonight for Washington to attend a meeting of the five foreign ministers of the western nations which are members of that commission. I am hopeful that some progress can be made at that time. Any adjournment made would have been with the consent of our representative at the meeting in Geneva.

Mr. Martin (Essex East): I thank the minister for his statement: May I ask him whether we are to conclude that because of his intended visit to Washington, there will be grounds for optimism?

Mr. Green: I hope so. Certainly there will be no grounds for all the pessimism the hon. gentleman from Essex East shows.

VISIT OF FRENCH PRESIDENT—LIAISON OFFICERS

On the orders of the day:

Mr. Louis Fortin (Montmagny-L'Islet): I should like to direct a question to the Secretary of State for External Affairs. Would the minister give the house the names of those who will act as liaison officers to the President of the French republic, General de Gaulle, during his visit to Ottawa, Montreal, Quebec and Toronto?

Hon. Howard C. Green (Secretary of State for External Affairs): Yes, Mr. Speaker, Mr. Jean Belleau and Mr. J. W. Hughes of the national film board will be accompanying the press party throughout. In Quebec city they will be assisted by Mr. Jean Pelletier, press secretary to the premier of Quebec; in the city of Montreal by Mr. Pierre Jérôme of T.C.A., and in Toronto by Mr. Jack Berry of the C.P.R.

IMMIGRATION

IRENE REBRIN—PAYMENT OF DEPARTURE EXPENSES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wish to direct a question to the Minister of Citizenship and Immigration. Is the hon. lady now in a position to answer the question I asked on Friday?

[Mr. Martin (Essex East).]

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Yes, Mr. Speaker. When the hon. member asked me the question on Friday I was not too sure just where the suggestion had originated with reference to Miss Rebrin's departure. On looking up her record I find that it was her solicitor who informed officials of my department that she did not have sufficient funds in order to leave voluntarily. They were subsequently informed that the department would be prepared to assist in paying for her departure provided this was accomplished before deportation arrangements were made by the immigration department. This offer was made under the provisions of section 70 of the Immigration Act.

HEALTH AND WELFARE

FEDERAL-PROVINCIAL ADVISORY BOARD—REQUEST FOR OVERHAUL OF REGULATIONS

On the orders of the day:

Mr. M. W. Martin (Timmins): I wish to direct a question to the Minister of National Health and Welfare. In view of the very critical comment contained in the annual report of the deputy minister of health and welfare of the province of Ontario, can the minister inform the house whether it is the government's intention to sit down with the federal-provincial advisory board with a view to overhauling its regulations in this matter?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I am not just too sure to which portion of the report the hon. member is referring.

Mr. Martin (Timmins): I am referring to page 11.

Mr. Monteith (Perth): I have not read the report as yet, I am sorry to say. However, I shall be glad to do so and let the hon. member know.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR LATEST STATISTICS

On the orders of the day:

Hon. Paul Martin (Essex East): Yesterday, Mr. Speaker, I asked the Minister of Labour whether he could give us the latest available figures in the offices of the unemployment insurance commission covering the number of unplaced applicants. Is the minister in a position to give us that information today?

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker. The number is 834,990, as of March 31, 1960.

Mr. Martin (Essex East): In view of the increase in this figure may I ask the minister whether he is aware that the figure he has given represents an increase of 53,400 over the same date last year?

Mr. Grafftey: That is a statement, not a question.

Mr. Speaker: Order. I think the hon. member is asking for a reply to the obvious, and that he is making a statement rather than asking a question.

ELLIOT LAKE—STATEMENT ON VISIT BY MINISTERS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I would like to ask either the Minister of Trade and Commerce or the Minister of Labour whether they will be in a position soon to make a report on their week end at Elliot Lake.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I could report briefly now.

The Minister of Labour and I visited Elliot Lake on Saturday and Sunday. We were exceptionally well received by the people of that area, had a long conference with representatives of the various organizations in town who presented half a dozen briefs to us in the course of Saturday afternoon, drove round the community and saw the dwellings there, the schools and the hospital, and met ever so many people. We reviewed the situation generally, and are taking into consideration the suggestions made by the citizens of Elliot Lake with regard to the present situation there and the future.

The problem requires action on a broad front, and that action is going forward. In the first place the citizens themselves have shown commendable initiative in organizing the community with the intention of attracting to that area industry from other parts, and in generally looking after the welfare of those who are disturbed because of the employment situation. The mining companies are taking an active interest in the situation and are endeavouring on their own account to make plans for maintaining employment in the area, and increasing it similarly by encouraging other industry.

The provincial government of Ontario have indicated in the legislature their very keen interest in the welfare of Elliot Lake and are similarly making plans to assist. The dominion government is also considering ways and means of coming to the assistance of a community which through no fault of its own is facing circumstances which for some of the people there are rather trying, to say the least. I think it will be possible within a very short interval to provide from our sources—that is from the dominion government—some assistance to Elliot Lake, and the other organizations I have mentioned will also be doing something very soon.

It is a model community situated in the northern part of this province. It represents the type of effort that is being made in developing northern parts of Canada through the mining industry, and it has great possibilities for the future. It is recognized that the uranium industry is now suffering a contraction, but the evidence that can be produced by experts in the field indicates that within a few years the demand for uranium may again increase and, that being so, there will be a good future for the industry in Elliot Lake and in other areas that produce uranium. Unfortunately there is at present a time lag between the period of 1963 or 1965 and 1970, and in that interval certain things will have to be done to sustain the community.

There is no doubt whatever that the government is keenly aware of the problems affecting the people of Elliot Lake and is anxious to do everything that is reasonably possible to meet that situation. In my opinion the people of Elliot Lake are showing great initiative and remarkable courage under trying conditions.

Mr. Pearson: Mr. Speaker, in thanking the minister for his statement may I ask him whether the federal government is in a position at this time to put forward any concrete proposals for assistance to this community?

Mr. Churchill: Mr. Speaker, I gave an assurance when I was there that by the first week of May an announcement would be made by the federal authorities. I think that assurance will be fulfilled and that an announcement will be made in due course.

PUBLIC BUILDINGS

OTTAWA—SAFETY CONDITIONS OF NO. 8 TEMPORARY BUILDING

On the orders of the day:

Hon. D. J. Walker (Minister of Public Works): Yesterday the hon. member for Timmins asked the following question:

In the light of the imminent move of the trade mark office to No. 8 temporary building, could the minister inform the house whether adequate notice has been taken of (a) the design load of the building, (b) the actual load of the office, and (c) the safety factor?

The answer to (a) is yes; the answer to (b) is yes; and the answer to (c) is yes.

Inquiries of the Ministry

HOUSING

NORTHERN ONTARIO—STATEMENT ON REPORTING OF BONUSES BY MINE WORKERS

On the orders of the day:

Hon. D. J. Walker (Minister of Public Works): While I am on my feet may I reply to the question asked yesterday by the hon. member for Nickel Belt, and which was as follows:

Is it true that applicants for loans under the provisions of the National Housing Act—and I am referring now to people resident in northern Ontario —have to report the bonuses paid to mine workers, an amount which is unascertainable from year to year? If this is so, would the minister not consider having that regulation withdrawn and the question removed from the application papers?

The answer is as follows, Mr. Speaker. Applicants for N.H.A. loans under the present direct lending policy are obliged to disclose all sources of income except family allowances. In determining eligibility for a loan, Central Mortgage and Housing Corporation considers the income, including bonuses, of the applicant during the 12 months immediately preceding the date of application.

It is not intended to change the method of computing income at this time.

PRIVILEGE

MR. PICKERSGILL—ALLEGED INCOMPLETE RETURN RESPECTING PAYMENTS TO PROVINCES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether the Secretary of State has been able to look into the question of the return I asked about yesterday, because I would like very much, if I could, to get this information before the Easter recess.

Hon. Leon Balcer (Acting Secretary of State): Mr. Speaker, it will be tabled later today.

Mr. Pickersgill: Thank you.

FINANCE

INQUIRY AS TO SHORTAGE OF CANADIAN SILVER COINS

On the orders of the day:

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I wish to direct a question to the Minister of Finance. As the minister and the house are aware, the chartered banks are withdrawing from circulation all United States coins, which are reported to amount to as much as 25 per cent of the total silver in circulation. Will the minister inform the house whether adequate steps are being taken to ensure that there will be no shortage of Canadian coins?

[Mr. Walker.]

Hon. Donald M. Fleming (Minister of Finance): Well, Mr. Speaker, I trust that the hon. gentleman will not suffer from any shortage. If he does, we will do our best to see that the need is met. I have no reason to think there will be any shortage.

[*Later:*]

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Minister of Finance whether the offer he just made to the hon. member for Timiskaming to relieve any shortage of coins he might experience applies equally to all hon. members.

Mr. Fleming (Eglinton): I am quite sure I would not deny that assistance to special favourites of mine, Mr. Speaker, like the hon. member for Bonavista-Twillingate.

Mr. Pickersgill: Very well, Mr. Speaker. I will let the minister know my requisition.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, April 11, consideration of the motion of Mr. Fleming (Eglinton) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson.

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, at the ten o'clock adjournment last night I had congratulated the Minister of Finance for a budget job well done. I had pointed out that this year's balanced budget would bolster confidence in Canada's economy. I referred to a chart which graphically indicated the country's financial growth, showing an increase in the gross national product to a record $34.5 billion in 1959. I said this tremendous growth was due to this government's policy and to the long term planning and tenacity of the Minister of Finance.

I drew attention to the great increase in federal contributions to the provincial governments since the present Minister of Finance assumed office. Unconditional payments, conditional payments and special payments to the provincial governments will total $1,300,900,000 this fiscal year compared with about half that amount, $689,400,000, paid in 1956-57, the last fiscal year of the Liberal government.

In connection with these federal contributions to the provinces, I would like to continue with an assessment of what Ottawa is paying to the Saskatchewan government under these arrangements. I have here a break-down of these federal payments to the Saskatchewan government for the 1960-61 fiscal

year showing a comparison with what the Liberal government paid in the last fiscal year during which it was in office, 1956-57. Unconditional grants to the Saskatchewan government this year will total $43,068,000 compared with $29,562,000 in 1956-57. Conditional grants to Saskatchewan will total $27,894,000 compared with $7,723,000 in the last fiscal year of the Liberal government. Nearly $71 million is being paid to the Saskatchewan government this year by way of conditional and unconditional grants, compared with $37,285,000 paid by the Liberal government in 1956-57.

Saskatchewan will receive nearly $41 million this year from tax rental and equalization payments, compared with $27,432,000 in 1956-57. The equalization payments are designed to pay to the provinces the difference between the tax rental payments per capita to the provinces of Ontario and British Columbia and the tax rental payments per capita to each of the other provinces. In the case of Saskatchewan this difference for 1960-61 is estimated at $24.76 per capita, which means that $22,680,000 will be paid to Saskatchewan under this agreement.

In connection with this greater federal payment to the provincial governments the mayor of Saskatoon recently made a very interesting comment, as reported in the Saskatoon *Star-Phoenix*. He said:

> Saskatchewan municipalities are in urgent need of more financial assistance from the provincial government to ease the increasing burden of municipal taxes. He hoped that the Saskatchewan government would share the increase in tax rentals from Ottawa.

The Saskatchewan mayor is reported in the newspaper to have said:

> The Saskatchewan provincial government might be able to claim a reduced provincial debt, but the debt reduction was due to a shift in the tax load from the provincial to the municipal governments.

Earlier in my remarks, Mr. Speaker, I referred to the fact that the great industry of agriculture, like all other economic groups, will benefit at least indirectly from sound government financing and a balanced budget. This government has provided many benefits to agriculture, and there will be a great many other farm benefits arising from the government's long term agricultural policy. In the course of a speech in this house the Liberal member for Drummond-Arthabaska (Mr. Boulanger) made a very interesting comment on this government's farm price policy. Here is what he said as reported at page 2464 of *Hansard* of Friday, March 25. I shall read the translation. He was referring to the supplementary estimates brought in by the Minister of Agriculture, and he said:

> Under this item, we are asked to vote an amount of $57,661,176 under the heading "Operating Loss Sustained by the Agricultural Prices Stabilization Board." That, Mr. Chairman, is the highest amount Canada has ever spent to support farm prices, since the passing of the Agricultural Prices Support Act in 1946.
>
> If we look at the report, we find that the total amount spent under the act since 1946 is approximately $100 million, including the losses arising from the outbreak of foot-and-mouth disease, mainly in the western provinces, and which accounted for $70 million on that amount.
>
> Under the Liberal administration, from 1946 to March 1957, the Agricultural Prices Support Act cost $25,052,806.98.
>
> Now if you look at the expenditures for the past three years, that is since the Conservative government took over you find that in 1958, Canada spent close to $6 million, and in 1959, $15,124,000. Now, for the year 1959-60, we are asked to vote $57,661,176.
>
> That means that since the election of the Conservative government, it has cost the taxpayers the substantial amount of $78,773,819 to support agricultural prices.
>
> In short, therefore, it can be said that in the last 12 years of Liberal administration, it cost us $25 million to support those prices, while in three years of Conservative administration, the amount expended was $78 million.

An hon. Member: That is why there is not a Liberal from west of the great lakes.

Mr. Pascoe: This statement by a Liberal speaker certainly endorses the government's agricultural policy.

Mr. Hellyer: Did he mention the millions the farmers had lost through lower prices?

Mr. Boulanger: What did the farmers get?

Mr. Pascoe: Coming from a prairie farm region and an area principally devoted to grain raising, I naturally consider that bolstering the position of the western wheat farmer is one of the main problems facing this government. It is not a problem of this government's making; it is a problem that has been building up for years. The Leader of the Opposition made this clear when he said, according to a report in the Edmonton *Journal* of October 3, 1958, that agriculture had not had a fair share of the national income for the past 10 or 15 years.

This government's long range farm policy, Mr. Speaker, is the first real attempt at a national agricultural policy. Its full impact may not be felt for some time. That is why I believe some action of a more immediate nature should be taken this session to ease the problems of particular groups, such as the western wheat farmers. I use the term "immediate action" to differentiate between it and the long range farm program.

First I want to deal with this long range program. I know I am not making an original statement when I say that farming, which once was regarded as a somewhat individual way of life, has now become a business proposition, with all the problems of high cost operations and also with at least some of the

hopes of the financial returns offered in business. When I say farming is now a business proposition I do not mean that farms must necessarily become big farms. Personally I believe in the preservation of family farms that can become economic units. Such family farms were the backbone of the economy in Saskatchewan in earlier days, and I am hoping the federal government policies will help to maintain these family farms in the years to come.

In the government's long range farm policy there are three main points of attack on present problems, and here I speak as a western farmer of the problems of western grain farmers. The first point is more adequate long term credit to help put farms on the necessary business basis. The second is a guarantee of a minimum yearly grain income through crop insurance, worked out in co-operation with provincial governments. The third is continuing efforts, through the Canadian wheat board, to sell more wheat both on the export and on the domestic markets. In this connection, Mr. Speaker, I was very pleased to hear the announcement by the Prime Minister of the trade agreement with Soviet Russia, which will take more of our wheat.

Great interest is now centred on this government's long term credit plans, especially among young farmers and among those who would like to be farmers. It is almost impossible today for a young man to start on a farm without sufficient credit, or for older farmers to expand or reorganize their operations without such credit. In commenting on this situation an editorial in the *Family Herald* of March 12, 1959 had this to say:

> Credit is essential. The problem is to learn how to use it as a tool, and to lessen the risk. There was a day when the necessity of borrowing was thought to be the last mark of disaster for a farmer; when keeping out of debt was a mark of honour. Since then, farmers have learned that credit is a tool that may be as helpful to them as any other tool. Farming, besides being a way of life, is an industry and a business, and it must operate as such. The wise use of credit is just one of the business skills that farming requires. And a hearty welcome awaits any sound scheme that will make credit easier to get.

I suggest, Mr. Speaker, that under this government's new policy we certainly have made more credit available to farmers. This government believes it has worked out a sound farm credit program that will operate under the Department of Agriculture and help young farmers, through some form of supervision, to see that credit is used in the best way possible. The 47 prairie members on the government side can take some credit —if I may use the term in another sense—

[Mr. Pascoe.]

for this new credit plan, especially for keeping the interest rate at 5 per cent. The 5 per cent interest rate is quite a contrast to the interest rate of 6½ per cent charged under the farm credit plan for young farmers set up recently by the Saskatchewan government.

The second part of this government's long range farm program, a crop insurance plan, would guarantee a minimum level of annual grain income and would fit in with the credit program. The Saskatchewan government at first rejected the crop insurance program as an insult. That was the word used. Now it has changed its mind, possibly because of pressure from farmers and farm groups, and is going to follow the lead of the Manitoba government and set up test areas to see how crop insurance can be worked out. The federal government will pay one half the cost of administration and 20 per cent of the insurance premiums. This is the same rate of contribution that is made by the government to the unemployment insurance fund. I emphasize this point, Mr. Speaker. Unemployment insurance contributions from the federal government are in practically the same proportion as has been agreed to for crop insurance.

On the third front of the government's farm policy, aggressive action to sell more wheat, the Minister of Trade and Commerce gave the house an outline of what has been accomplished. It was a good report, despite the attempts of the opposition to minimize the export figures. Canada has held her position as the world's leading exporter of wheat in commercial markets, with cash sales in the last crop year exceeding the cash sales of United States wheat by 125 million bushels. In this crop year Canadian wheat exports have been running about 10 million bushels ahead of last year. I have a chart here which shows that situation. It indicates an increase each month over the same month last year. Increased world production of wheat, continued restrictive measures in some countries and the pressure in other countries to dispose of wheat surpluses are obstacles to greater wheat board sales; but, as the Minister of Trade and Commerce points out, the high quality of Canadian wheat is the chief sustaining feature of our world trade.

These three points have been mentioned in the house on other occasions, Mr. Speaker, but I make no apologies for outlining them again. They contain the three essentials of an integrated farm program of particular interest to the prairie; namely, more adequate credit facilities to establish farms on a business basis, some assurance of annual income through crop insurance, and continuing efforts to sell more wheat.

It is recognized that this is a long range policy and that its benefits may not be fully felt for some years. Saskatchewan members have suggested on other occasions, and I take this opportunity to suggest it again, that help of a more immediate nature could be given prairie wheat farmers through a two-price system for wheat sales. A two-price system would mean that wheat sold on the domestic market for human consumption, at present about 50 million bushels, would be sold at a price higher than the price on the world market and more in line with other Canadian prices.

If the 50 million bushels of wheat for domestic consumption sold for $1 a bushel above the export market price, this would mean an extra $50 million for distribution to grain growers through the Canadian wheat board. It is my personal view that under such a plan the additional money could be distributed on either a limited acreage basis or on the basis of a limited number of bushels for each farmer, say on the first 2,000 bushels delivered by any one farmer. Under this arrangement the smaller farmers would receive a good share of the additional money.

In connection with the domestic market for wheat, I want to refer to the decreasing consumption of bread. Based on its nutritional value, bread is one of our cheapest foods. In view of this is it surprising that in Canada, where we grow the best milling wheat, the per capita consumption of bread is going down. As a farmer and the member for the constituency of Moose Jaw-Lake Centre, where probably the best bread-making wheat in the world is grown, I am disturbed over this situation and consider that something should be done about it.

I have been amazed at the growing practice in eastern Canada, the area east of the great lakes, of not eating much bread at meals. I have been at a loss to understand why, and have gone to considerable trouble to seek an explanation from the planners of meals, the wives and mothers. It appears to be the young wives and the young mothers who are the leaders in the curtailment of bread consumption. The one answer I get is that they really like bread but that it is not on their slimming diet.

Out on the prairies, Mr. Speaker, the young wives and mothers know the value of bread consumption, both for their health and for the welfare of the wheat producers who are either themselves or their neighbours. Many of them bake their own bread. One of the great pleasures of visiting in my constituency is to go into a home where there is the smell of home baked bread. I know of one young mother with four sons who must bake a dozen loaves of bread each week. Her boys are the picture of health, and she is just as slim as those who avoid bread in their diets. What I am attempting to emphasize is that a larger consumption of bread would raise the domestic sales of flour milled from our good western wheat, and this would help to reduce our wheat surplus.

I have some figures for the United States which I think can be converted into comparable figures for flour consumption in Canada. Consumption of flour in the United States at the present time averages 119 pounds per year per capita, compared with an average of 160 pounds per capita in the period from 1935 to 1939. If Americans were consuming flour at the 1935 to 1939 rate it would mean using an additional 165 million bushels of wheat a year for milling purposes, or well over 1 billion bushels of wheat in the past 10 years. On the basis of the same estimate Canada, with a population about one tenth that of the United States, would have used an additional 100 million bushels of wheat in the form of flour in the last 10 years; and I think, Mr. Speaker, we would be a healthier people.

I have here a food chart issued by the health league of Canada. It is headed "Canada's Food Rules", and at the bottom is this notation:

> Approved by the Canadian council on nutrition, nutrition division, Department of National Health and Welfare, Ottawa.

It is true that the chart was issued before the present government came into office, but in this connection I think the government in office at that time was on the right track. Foods are shown for a balanced diet, and the chart goes on to say:

> These foods are good to eat. Eat them every day for health. Have at least three meals each day.

Under the heading "Cereals and bread" there is the following:

> One serving of whole grain cereal and at least four slices of bread.

If each person in Canada, Mr. Speaker, ate four slices of bread a day the wheat marketing problem would be very much easier for the Minister of Trade and Commerce. I should like to have that statement on the record as one way in which the Canadian people can help to reduce the wheat surplus.

Before I conclude I feel I must make reference to remarks made by the hon. member for Port Arthur (Mr. Fisher) about a divided Canada through what he referred to as "Quebec provincialism". The hon. member's remarks perhaps should not be taken too seriously, because he delights in making statements that receive headlines. In this particular case he probably was disappointed

because the headlines were not too many or too large. I am sorry he is not in the house to hear these remarks.

Quebec has shown little interest in his party at any time, and perhaps that is the reason for his statements. To me it is the old game of divide and conquer, or should I say attempt to divide and attempt to conquer. As I see it, the hon. member for Port Arthur realizes that the party of which I am a member is the one truly national party, the party of unity, the party of one Canada. His party thrives on disunity, on divided segments in our economy. His latest speech can be considered as an effort to drive a wedge between Quebec and the rest of Canada now that the two are coming closer together as a united Canada under the Progressive Conservatives.

Mr. Speaker, I do not need to speak for the Quebec members; they are well able to speak for themselves. As a member from a predominantly English speaking province I have been impressed with the way in which we have been able to work with our French speaking colleagues. I believe this holds out the best hope for Canadian unity; one Canada under this Progressive Conservative national government.

The hon. member for Port Arthur says Quebec members have little interest in national problems and are concerned only with Quebec matters. I do not agree with this view. I have found Quebec members very interested in our prairie problems and anxious to help us do something about them on a truly national level. I cannot speak too strongly against the regrettable statements of the hon. member for Port Arthur. He may speak for his group of eight members in this house, but I am sure he does not speak for the members of our party, nor does he speak in the interests of Canadian unity.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I may not have agreed with everything my hon. friend who has just taken his seat has said, but I certainly do agree with him in his last remarks. In this debate we are dealing primarily with the economic health of the nation, and we are talking about facts and figures which bear on that particular subject. However, in his last words the hon. member has made us aware of the fact there can be no prosperity, no stability, no economic progress or progress of any kind in this country unless we have national unity, something which I should like to think every member of this house, without exception, is interested in strengthening.

Mr. Herridge: You are quite right in that assumption.

[Mr. Pascoe.]

Mr. Pearson: My hon. friend will forgive me if I do not follow him in his very interesting discussion on how to eat wheat and grow slim and healthy. But like him I will be, in my contribution to this debate, using some facts and figures which have already been used and, like him, I make no apology for doing so because of the importance of the situation which these facts and figures portray.

On March 31, in his third budget the Minister of Finance, after previous budgetary deficits totalling more than a billion dollars and cash deficits totalling $2,300 million, announced that he was budgeting this year for a surplus of $12 million on an expenditure of $6,330 million. There remained, however, an estimated cash deficit for the current year of $210 million. This, Mr. Speaker, is in contrast to the experience of his predecessor who after three cash surpluses in a row and out of expenditures of $5,072 million had, in his last budget in 1957, a budgetary surplus of $258 million and a cash surplus of $424 million.

When we pointed out this contrast in the budget debate last year and expressed some anxiety about what these contrasting figures represented in terms of economic development in our country, we were accused by the minister and other members of the government and the government party of indulging in gloom. But the predictions made on this side in the budget debate last year as to what was likely to happen in the ensuing 12 months have been borne out by events. I remember saying, as recorded on page 2913 of last year's *Hansard*, in reference to the prediction made by my hon. friend:

> I suggest his prediction of a 7 per cent increase—

He added, when he made the prediction, "with stable prices".

> —may well be too optimistic, and that if the hon. gentleman is wrong in this calculation the effect on employment opportunities in 1959 and 1960 in this country will be very bad indeed.

What are the facts? Well, the gross national product increased in volume by 3.5 per cent.

In so far as employment is concerned I said, as recorded on page 2914 of *Hansard* for last year:

> If only a 4 to 5 per cent increase in the volume of the gross national product is achieved . . . that would mean that during the current year we would have, on the average, more than 300,000 people unemployed in this country which would be the second highest level in the post-war period.

What are the facts? The average number of unemployed during 1959 was 350,000, 50,000 more than the prediction I made which was considered to be too pessimistic.

In so far as inflation is concerned, I said I believed prices would rise in the current

year. The dominion bureau of statistics reports an increase of 2.3 per cent in final prices in 1959 as compared to a rise of 2.2 per cent in 1958. So, Mr. Speaker, predictions of that kind which were made last year, and which were criticized as being too pessimistic, have in some respects turned out to be not pessimistic enough in the light of events.

On March 31, 12 long days ago, we had from the minister the forecast of things to come in his budget speech this year. It was, of course, the minister's night, and I should like to congratulate him on his presentation. He made a fine appearance, and it was a fine presentation. There is, of course, as much difference—I know the minister will agree—between appearance and achievement as there is between a beauty queen parading in a bathing suit and swimming the English channel. Now the minister is in the swim, in the waters between Scylla and Charybdis, that is in the cold waters between Coyne and Churchill, pulled and pushed by opposing currents. On this occasion, however, on March 31, I think he was more Churchillian than he had been on previous occasions.

There have been some noticeable differences between the statements of the two ministers in the past few months on economic and financial matters, and on the nature and seriousness of our economic problems. There have been not only differences but there have been contradictions, and those contradictions on a few points have extended even to the facts. An example of this is to be found—this is only one example—by comparing a sentence from the minister's speech on March 31 and one from a speech made by his colleague on the same general subject on March 21. The minister is reported in *Hansard,* page 2672, as saying:

> Since 1950 . . . the rate of increase in our net foreign indebtedness has exceeded the growth in national output.

The Minister of Trade and Commerce, as reported in *Hansard,* page 2281, on March 21, 1960 said that the rate of economic expansion had surpassed the rate of increase in Canadian foreign indebtedness. Well, which minister is right? You pay your taxes and you take your choice.

The difference between the minister, as he spoke on March 31, and the views of the governor of the Bank of Canada is somewhat more surprising because of the statement the minister had previously made, which seemed to harmonize with statements the governor of the Bank of Canada had been making. The governor of the bank said a few months ago in Winnipeg as follows, and I quote from his speech on that occasion:

> Canadian savings and the machinery of the Canadian capital market can now supply all the capital funds needed by government and business combined to carry on a capital expenditure program as large in total as is sound and healthy for the Canadian economy to sustain in any one year.

The Minister of Trade and Commerce, of course, has not agreed with that statement, and has insisted in more than one statement that United States capital, in present circumstances, is necessary and desirable. The Minister of Finance himself on March 31 was not so much worried about this matter. He said, and I quote from *Hansard* at page 2674:

> The economic expansion which Canada is now experiencing is soundly based.

He would go no further in caution on that occasion than this, and I quote from the same speech:

> I do not anticipate that if we manage our affairs prudently and properly—

And what a government escape hatch that is.

> —Canada will indefinitely continue to rely on capital from abroad as heavily as in the last few years.

That statement may be found at page 2672 of *Hansard.* There is quite a gap between the view of the governor of the Bank of Canada and the minister on that score. What a contrast between the attitude taken by the minister on this occasion and the Conservative election manifesto of 1957, which had this to say on this point:

> In 1956 Canada achieved a frightening and perilous adverse balance of trade with the U.S. of $1.2 billions.

I would call the attention of hon. members to that expression "balance of trade". That is an expression which, when I used it in a debate some time ago in this house, was contradicted by the Minister of Trade and Commerce, who said it was inaccurate and wrong. But on this Tory occasion it refers to trade both tangible and intangible. At that time in 1956 it was supposed to be frightening when the adverse balance of trade was $1.2 billion—"frightening and perilous" were the words used—but now when the figures are much higher they apparently no longer frighten hon. gentlemen opposite. The minister stated as follows:

> We can look forward to another year . . . of balanced growth.

That statement is to be found at page 2669 of *Hansard.* What a contrast that is not only to the election manifestos but to the minister's own speech of June 17, 1958, when our total deficits were much less than they are now but when he said, and I quote from

a speech made in this house as reported at page 1237 of *Hansard* of that year:

—carry serious implications for the future health and economic independence of our country.

In the same speech the minister added:

The chronic nature of our massive trade imbalance with the U.S. requires . . . energetic corrective measures.

That was at a time when the imbalance was not as serious as it is now. I ask whether this budget shows that we have or are getting these energetic corrective measures. That is our chief complaint or our major criticism against this budget. However, the minister tempered his optimism somewhat a week ago Thursday evening by this statement, which I quote from his speech. He said:

But, as my colleague, the Minister of Trade and Commerce, says: "We must not be complacent".

In singling out the Minister of Trade and Commerce as an exemplar of cautious realism, the minister has proved at least one thing, namely that he has a sense of humour, something about which there has apparently been some doubt in the past.

As I have already tried to point out in previous discussions of this matter, not only the amount but the nature of our unfavourable balance must cause anxiety. Last week in his budget speech the Minister of Finance said this:

What is important is that a substantial portion of these resources—

That is investments from abroad.

—should be put into new capital investment rather than into consumption and that this new investment should be of a character that will promote the efficiency and productivity of our country.

Then he added:

Broadly speaking I believe that this objective is being attained.

The facts show, Mr. Speaker, that it is not being attained nearly to the extent that it was being attained a few years back. Indeed, the facts show that the trend in the last year or two has been in the opposite direction.

Having delivered himself of some cheerful but, as we think, unrealistic predictions, the minister found that some of the figures he used in his own speech and some of the figures in the budget papers rather spoiled the effect of those predictions; because they showed—and I am going to mention only one or two of them—that in 1960-61 not only would Canadians pay nearly $600 million more in taxes than in 1959, but that in spite of these payments we would have a fourth consecutive cash deficit of about $210 million.

As a consequence of this, the minister said he was not announcing but was looking forward to the day—and I quote from him—

—when we can undertake a measure of orderly reduction in our public debt.

That statement is to be found at page 2682 of *Hansard*. That was something we on this side of the house, when we were on the other side, could look backward to and not merely forward to. A budgetary surplus is, of course, a good thing, even a little one, provided it is achieved in the right way, through the right policies and of course not at the expense of even more important things than balancing the budget. In order to bring about his baby budgetary surplus the minister delayed action on any increases in civil service and armed forces salaries and then reduced such increases, when they were made, to a minimum. Further adjustments—and they undoubtedly will and should be made—will convert the present small budgetary surplus into a deficit. Indeed, other supplementary estimates may have that effect on the minister's already shakily balanced budget. How shakily it is balanced I shall hope to show by referring to some parts of the minister's statement itself and to the accompanying budgetary white paper.

The general situation, says the minister, is one of "balanced growth". But is it? The gross national product increased 3.5 per cent in volume in 1959. That is the first real increase since 1956, and of course it is welcome. But it is below the post-war average, and it is about one half what the minister himself estimated.

Mr. Pallett: Oh, no.

Mr. Pearson: It is about one half the minister's own figure of what he estimated.

Mr. Pallett: No; that is Martin figures you are using.

Mr. Pearson: That is the figure which is taken from the national accounts, income and expenditure. If my hon. friend who is sceptical about the matter will look at page 7, percentage changes in value, volume and price, he will see that the gross national expenditure volume in 1958 is up 3.5 per cent. Now, Mr. Speaker, a figure so far below the forecast for 1959-60 is surely not a very impressive basis for optimism based on predictions of a 6 per cent increase for 1960-61. If the minister is as far out this year as he was last year, the surplus will very quickly be converted into a deficit.

The minister gave us a good deal of advice in his speech. His policy to deal with any danger that might be ahead, particularly the danger of inflation on which he quite rightly spent some time and made some warning statements, is to advise us to work and save. That is good advice, but it is not as impressive as it might be coming from a government

which in about four years will have produced four cash deficits amounting to $2.5 billion and which, contrary to all its promises, has upped expenditures from $5,218 million in 1956-57 to $6,470 million in 1960-61.

This exhortation to work and save also comes from a government that has failed to do anything effective to prevent mass unemployment. We had the latest figures this afternoon which illustrate what we mean by mass unemployment at the end of March. The figure for unplaced applicants was 835,000, 53,400 more than at this time last year.

Mr. Speaker, those without work cannot save, as has already been pointed out in this debate. But the minister's treatment of this problem in his budget speech was pretty casual, and I will quote the passage in his speech dealing with it. He said, as reported at page 2670 of *Hansard*:

> —as the result of an unusual increase in the number of persons estimated to be in the labour force, the estimate of the numbers without jobs and seeking work was 18,000 higher than a year ago.

It is more than that now. The minister then went on:

> I am confident, however, that employment will rise as the coming of spring opens up new job opportunities and as the economy continues its upward trend.

This might be called the meteorological approach to the problem of unemployment. It will go with the snow. I wish it were true, but the facts do not seem to bear out the prediction the minister has made. His assertion that the higher unemployment which he talked about was due to an unusual increase in the labour force is a misrepresentation of the facts. The increase in the labour force in 1960 was not unusually high. The increase in the labour force in 1959 was unusually low, and if the minister will take a look at page 26 of his budget papers he will find statistics there to show this. Mr. Speaker, the fact is, as we have pointed out from this side of the house time after time, that seasonal unemployment is not only unusually high but has now become a chronic and serious problem about which something must be done.

Mr. Pallett: What would the Liberal party do about it?

Mr. Pearson: When the Liberal party was in power there was never this kind of unemployment, but I will come to that later. We had our recessions in the period after 1945, and I will be very glad to show my hon. friend later in my speech how we dealt with the kind of recession and unemployment we had then, which was not nearly as high as it is now. Mr. Speaker, you would never realize this problem is as serious as it is from the minister's speech. "The coming of spring" is the only hopeful sign he can bring forward.

What about agriculture, about which the hon. member who preceded me had a good deal to say in his speech? I think I am right in saying that it is completely omitted from the minister's economic picture. The gross national product last year is up in value by 6 per cent. The net farm income, as has been pointed out more than once in this house, is down by 7 per cent. The estimated increase in the gross national product in the current year is another 6 per cent. The estimate for agriculture is another decline, I think of 7 per cent. That surely does not represent a balanced growth in a vital sector of our national economy. But there is not a word about this problem in the minister's statement.

Mr. Speaker, what about the Atlantic provinces? Is there balanced growth down there? We did not get a progress report from the minister in his budget statement on the realization of the Atlantic charter. And we know why. Since the 1958 election it would be difficult for the minister to point to anything that has been done for the Atlantic provinces except the establishment of royal commissions. It would be difficult for the minister to prove that economic conditions are not deteriorating in the Atlantic provinces at this time, especially in the coal industry, where I think the situation will be admitted by just observers to be about the worst in 50 years.

I know the minister was down in the Atlantic provinces not long ago. I was there a week after he was, in Halifax. The minister mentioned 21 things which had been done by this government for the Atlantic provinces, 18 of which had been initiated by the previous government. He included the construction of the Canso causeway. I am sure the 100 pipers who filed by Angus Macdonald on that great day were not participating in the realization of a Conservative vision.

That is perhaps one reason why the minister was silent about the situation in the Atlantic provinces. Of course he did say there would be a reduction of the sales tax on electrical heating equipment to permit—and I quote—"this method of household heating to compete for the market on the same terms as other methods of heating". That may be a very desirable thing to do, but it is no help to the coal industry in the Atlantic provinces except perhaps to help them to live better electrically. Yet we are told that balanced

growth has characterized the progress of the last year, and that our economic growth is soundly based.

Mr. Speaker, let me examine this policy in respect of the balance of payments situation and the premium on our dollar. I have already touched upon the minister's dilemma in this matter as illustrated by his own speeches, on some occasions as an economist and on other occasions as a politician. In these speeches, especially the one on budget night, he seems to me to be, as I have suggested, balanced uneasily between the warnings of Mr. Coyne and the hosannahs of Mr. Churchill, with one eye on the red light of the governor and the other on the green light of the minister. In a friendly way I would warn him that it will be difficult to maintain this ambiguous posture. It will require all the political and economic gymnastic ability of the Minister of Finance.

One aspect of this imbalance which has political as well as economic significance is the problem of foreign ownership and control, of course primarily by the United States. The passionate anxiety of the minister and his colleagues of other days has dwindled to the modest preoccupation with this particular subject shown in the budget speech. He indicated that no legislative or governmental action was required, that no special steps were necessary to encourage Canadian as opposed to foreign control. He suggested that we might leave it all to the Prime Minister's (Mr. Diefenbaker) great gift of persuasion, that gift of bedazzlement which at times deteriorates into a genius for befuddlement.

An Indian delegation visited the Prime Minister not so many weeks ago, and I think this was referred to by my friend the hon. member for Kenora-Rainy River (Mr. Benidickson). A member of the delegation is reported to have said with reference to the Prime Minister: "He is a great talker. He can almost make you forget what you came here for."

So the minister forgets his worries about swollen deficits and foreign control and assures us that our growing foreign-held debt can easily be borne. He does that, as some of his colleagues have also done, by making what can only be described as a phony relationship between the foreign-held debt and our gross national product, as if the latter—the gross national product—represented any adequate measure of our ability to pay our debt in foreign currency.

The minister is not too worried. I quote again from his speech at page 2674 of *Hansard*:

> So long as our access to foreign markets is unimpaired and we are able to keep the cost and the quality of our products and services thoroughly competitive, we need have no fears for the future.

But there are others who are more worried than the minister and they are not all members of the Liberal opposition. Indeed, they included the minister himself on earlier occasions and they certainly include the governor of the Bank of Canada. There are people in this country who are worried about our increasing total trade imbalance, our increasing foreign-held debt and the high external price of our dollar which is a special problem especially in connection with export trade which must increase if we are to go ahead.

The minister expressed the other night the thought that the premium on our dollar could be reduced without the necessity of any form of governmental action even though I suggested governmental action—

Mr. Fleming (Eglinton): Mr. Speaker, is the hon. gentleman saying that I said that?

Mr. Pearson: Yes. I am saying that the minister said he hoped this situation could correct itself without any form of governmental control.

Mr. Fleming (Eglinton): Well, that is different.

Mr. Pearson: But the minister did not suggest any governmental action that might be taken to correct it, either.

Mr. Fleming (Eglinton): We took it.

Mr. Pearson: The minister made no suggestion for any kind of governmental action to correct the situation. He did say it should not be done by any form of governmental control but I suggest to the minister that governmental action is largely responsible for this particular situation and I will try to explain how.

Our money supply, as the minister knows, has been stable since October, 1958. Out of this constant supply the government borrowed in 1959, $871 million or 52 per cent of all the bonds marketed in that year. That governmental demand, of course, was a major factor in creating a scarcity of funds for others, in pushing interest rates up so high and in bringing about tight money. The result of that was that the provinces and municipalities had to borrow their money in the United States market. In 1959 the net amount so borrowed was $400 million which is a record. It represents 27 per cent of our net import of foreign capital that year. That itself is a major cause of our dollar premium and for that the federal government must accept much of the responsibility.

What about the situation in the current year in regard to borrowing? Of course, it should be much easier for the provinces

and municipalities. They have no desire to go to the United States money market to satisfy their financial needs. If they can get their money in Canada at reasonable rates it is not necessary to urge or compel them to do that. All that is required is to leave them some room in the Canadian market, to stop hogging it and to stop pushing interest rates up. I suggest that that would be a very simple way of reducing the premium on our dollar without recourse to controls which, I quite agree with the minister, should be put into effect only in an emergency and as a last resort; that is, a complete system of government exchange control.

I certainly do not advocate that in the present circumstances. The borrowing requirements for 1960-61 represent for the federal government—they come from a cash deficit—about $210 million but of course they may be more. Even if they do not increase they represent a substantial but I agree it is well below last year's figure which was approximately $900 million. That should be all to the good in regard to financing in Canada but I should like to call the minister's attention—and perhaps it is not needed—to a new factor which is arising and which will hinder this development and which is in its turn, if I may use the expression, a hangover from that conversion loan about which the minister and the government still boast.

To ensure the success of that loan the Bank of Canada had to buy very substantial amounts of the outstanding bonds which it converted into long term conversion bonds. In fact, by the end of October, 1958 the Bank of Canada held more than $1,200 million of all bonds with maturities of 10 years or more compared with $300 million before the conversion loan was undertaken. The bank naturally found itself subsequently in a very illiquid, inflexible position. Its holdings were mainly of bonds not maturing for several years.

The Bank of Canada is apparently at the present time attempting to correct the situation by selling long term conversion bonds to the public and with the proceeds buying treasury bills and other short term securities. That is driving down the treasury bill and the bank rates, already weakening under lessening demand, and is keeping the long term interest rates higher than they otherwise would be. It also means that the bank is now doing what the government did last year, competing with the provinces and municipalities for long term money in Canada.

This policy of the bank if it is continued, along with the necessity for the government to meet its own cash requirements, may well mean that the provinces and municipalities will not find it much easier in 1960 than in 1959 to satisfy their borrowing requirements in Canada and they may be forced once again to go to the United States market thereby keeping up an artificially high premium on our dollar.

Therefore, instead of trotting out the bugbear of controls the minister should have faced up to this problem realistically and responsibly because the government is largely responsible for it. It is one of the problems that should temper the excessive optimism about the situation in the current year.

On what does the minister base this optimism? As I have said, for the coming year the minister forecasts a gross national product increase of 6 per cent. He leaves out the condition that this will occur if it is a year with stable prices. If that 6 per cent is meant to be an increase in volume it will probably turn out to be optimistic. If it is a 6 per cent increase in value, and if the price level moves about the same this year as it did last year, it would means about a 3.5 per cent increase in volume. I would think that might be a reasonable forecast. But, if it turned out to be a reasonable forecast it would mean that for the fourth consecutive year the gross national product increase would be below the post-war average. Is that a reason, then, for booming optimism?

For the year as a whole all the main components are expected to rise: new investment, 4 per cent; total business investment, excluding agriculture and fisheries, about 7 per cent, although in the United States it is 14 per cent; but in constant dollars it will be lower than in 1957, and yet the Minister of Finance (Mr. Fleming) says: "Business confidence is high" and all is well.

One thing is sure, Mr. Speaker. Even on the basis of the minister's own forecast these trends, prospects and estimates are not sufficient ground for hoping for any material improvement on the unemployment front. In 1959 employment rose 2.7 per cent but unemployment was higher than in any postwar year except 1958, and almost equalled that. That situation would have been worse but for the lowest increase in the labour force experienced in recent years, not an unusually high increase, but the lowest increase in the labour force experienced in recent years, an increase of 1.6 per cent as against an average of 4 per cent in 1957. The minister can get these figures from his own budget papers at page 27.

With a normal increase in the labour force this year the average level of unemployment in the current year might well exceed that of 1959, and surely that is a cause for worry and no ground for complacency of any kind.

The minister may say, "Well, the gross national product increase will take care of it". Even on the basis of the minister's own estimates, this well may happen; especially in view of the minister's statement, and I quote from page 2674 of *Hansard*:

> The rate of increase we have experienced in 1959 should be maintained throughout the year.

I suggest that prophecy is of doubtful validity. I should like to explain why I suggest the minister may be too optimistic in his view of the prospects.

The so-called short business cycle, mainly caused by fluctuations, I suppose, in inventories, has always been quite a regular feature of our economy. If we accept the years immediately after world war II, we are now going through the third of those cycles in the post-war period. During this post-war period we experienced recessions in 1948-49, 1953-54 and 1957-58, each one worse than the one preceding it. We are told by experts—and I think the facts bear it out—that we have been on the upturn since April, 1958. Past experience and certain trends indicate that a fourth post-war cycle may develop again soon. Surely, Mr. Speaker, we should be prepared for it; surely, we should plan against the danger of its recurrence before long.

Economic forecasters themselves agree that we shall have a recession soon, but most of them differ as to its timing. I am quoting now from economists who have certainly no political axe to grind in this matter. The most optimistic outlook for the future was presented by the economic advisers of the Department of Trade and Commerce. Dr. Firestone, in a speech on October 24, 1959, said this, and I quote one paragraph from his speech:

> Looking ahead to the immediate future, we can see a fair rate of increase in economic activity for 1960 and possibly 1961 . . . If anything, the problems that we may be encountering as we go into 1962 may be more difficult to deal with than those we encountered in the post-war period. What I am implying is that the recession we may be facing in 1962 could be more extensive than anything we have yet experienced since the end of world war II, and it may require quite vigorous action to reduce its extent in terms of length of time and the severity of the economic downturn.

That is Dr. Firestone in a speech last October, but since October other expert economic analysts have produced more and more evidence that another recession may begin sooner than expected by Dr. Firestone. In its tax memo on the federal budget outlook published in February, 1960, a document with which I am sure the minister is quite familiar, the Canadian Tax Foundation refers to the possibility of a downturn in the current fiscal year. The same warning is given in the last three business forecasts issued by General Research Associates from Toronto. Here is what these experts had to say in January about general economic conditions that we may expect in 1960, and I quote from their forecast. They say:

> The chances are better than ever that the next business cycle peak will occur in the fourth quarter of 1960 or the first quarter of 1961. The more rapid the intervening buildup—and the more closely it is related to inventory building—the greater is the probability of the earlier downturn.

That was their January bulletin. They followed that up with their March bulletin, when they were a little more precise. They had this to say:

> In general summary, there has been little evidence to suggest that the current prosperity will last much beyond the third quarter of 1960. Such evidence as has appeared in the last two or three months would suggest, if anything, an earlier downtrend.

That is from their March bulletin. Their latest forecast for April, which has just come out, had this to say:

> The contrast produced by the shades of light and dark is typical of the turbulence that occurs just prior to the end of a business upswing.

These expert and objective forecasts do not support the rosy picture which is painted by the minister and the government. Perhaps the trade and commerce "hidden report" would be equally cautious if we were allowed to see it. Perhaps it may have warnings which explain why it has been secreted, although the issues of 1957 and 1958 were made public in dramatic circumstances.

I ask the Minister of Finance, does the government recognize any of those omens, or does it merely intend to bury its head in the sands of self-satisfaction? Does it not realize that the financial position is such that the government will be seriously handicapped in facing any new recession which, according to Dr. Firestone, may be more extensive than any we have experienced since the end of world war II? These problems are not imaginary. To apreciate them we have only to look at the year 1960, not in isolation but in relation to the recent past.

Compare the business cycle through which we are going with the one before, both in regard to changes in the gross national product and in the financial position of the government. For the purpose of making the comparison I should like, if the house agrees, to insert in *Hansard* at this point two tables taken from official statistics, one giving the actual changes in the volume of the gross national product since 1953, expressed as a percentage of the previous year. The other table is the budgetary and cash position of the Canadian government since the fiscal year ended March, 1954.

Mr. Speaker: Has the hon. member leave to insert these two tables at this point in *Hansard?*

Some hon. Members: Agreed.

Mr. Churchill: Are they D.B.S. figures?

Mr. Pearson: Yes, they are from D.B.S. figures.

[Editor's note: The tables referred to above are as follows:]

Table 1. Annual changes in the volume of gross national product since 1953 expressed as a percentage of the previous year.

Year	Percentage Change	Year	Percentage Change
1953	+3.8	1957	—0.3
1954	—1.0	1958	+0.7
1955	+8.6	1959	+3.5
1956	+8.6	1960 (Estimated)	+3.5

Table 2. Budgetary and cash position of the Canadian government since the fiscal year ending March 1954.

In millions of dollars

Year	Budget Surplus or (—) deficit	Cash Surplus or (—) deficit	Year	Budget Surplus or (—) deficit	Cash Surplus or (—) deficit
1954	45	370	1958	— 38	—165
1955	—152	67	1959	—609	—1,273
1956	— 33	125	1960	—406	—900
1957	258	424	1961	12	—210
Total	118	986	Total	—1,041	—2,548

Mr. Pearson: The first table of the two which I have been given permission to put on *Hansard* shows the percentage change in volume of the gross national product in the last two cycles, that is, since 1953, and the second table gives the changes in the budgetary and over-all financial position of the government during the same two cycles. The first table shows that the percentage change in the volume of gross national product during the four years of the earlier cycle, 1953, 1954, 1955 and 1956, averaged 5 per cent. There was an average increase during the cycle of 5 per cent, but in the cycle 1957-60 the average increase in the volume of gross national product was somewhat less than 2 per cent. Surely, Mr. Speaker, as we face what is certainly likely to be an uncertain future, that comparison is disturbing, an increase of 5 per cent against one of less than 2 per cent. The earlier recession was milder and shorter than the one we have just come through and the recovery from the earlier one was more spectacular. I ask, therefore, is this trend, as Dr. Firestone suggests, to continue, and is the next recession to be longer and more severe?

The second table is also disturbing. It shows that during the cycle from April, 1953 to March, 1957 we had an over-all budgetary surplus of $118 million and a cash surplus of $1 billion. Therefore the government at that time was in a relatively strong financial position to meet the 1957-58 recession. But contrast that with the position in which we find ourselves in the current cycle. Instead of a surplus in this cycle we have had an over-all budgetary deficit of $1 billion and an over-all cash deficit of $2.5 billion. Surely that supports the argument that in facing any danger that may arise we are not as strong financially as we were.

But the government gives no sign of serious concern on that score. Instead, the Minister of Finance lectures us on the need of flexibility in the field of fiscal policy. As found at page 2681 of *Hansard*, he said:

> —sound tax policies must be flexible and adapted to changing economic conditions.

It is largely because his government did not learn that lesson earlier and in 1957-58 committed us to new, large and long term financial responsibilities that we are today in that inflexible fiscal position which is so worrying and so weakening, that we are committed to high, long term interest rates, that even in a year—perhaps the last year in this cycle—of expansion, we are unable to balance our over-all accounts.

In the minister's speech the other evening he ignored these current problems. In that speech there was no awareness of, let alone any policy for a serious unemployment situation. In contrast to the position when the last recession began, and this is a contrast which should worry him, we have now at the peak of the current business cycle a large, accumulated, hard-core mass of unemployment.

So what will happen if we have to face another and more severe recession or pause, if you like to call it that, when we have a situation which, according to the government, is rosy but which nevertheless includes declining farm income, a growing imbalance in total trade and payments, a high premium on our dollar still persisting, particularly depressed conditions in the Atlantic provinces,

unsettled fiscal relations with the provinces and growing dependence in defence and development on the United States of America?

The minister's budget speech and the budget itself ignored these problems. So I ask the minister to tell us, if a recession should recur—

An hon. Member: Wouldn't the Liberals be glad.

Mr. Pearson: —with the government's financial position weaker than at the beginning of the last one—that, of course, was quite an unworthy comment by my hon. friend. When we point out these possibilities which are also being pointed out by men who are not interested in politics at all hon. gentlemen not only accuse us of gloom and doom but of playing politics in doing our duty and indicating what may happen. So I ask the minister, and I make no apology for asking him, if a recession should recur, with the government's financial position weaker than it was at the beginning of the last one and with a continuing high level of unemployment, what are the government's plans and its policies to meet that contingency in a way which will recognize its responsibilities to maintain full employment and financial stability?

Will the government once again fall back on a series of huge, unplanned deficits which add new rigidities to our economic and fiscal structure, higher interest rates, without creating anything like full employment? That has been our experience in the last few years. Will the government once again rely on solemn sermons and emotional appeals, while getting the Bank of Canada to bail it out through another round of rapid credit expansion and monetary inflation?

If the minister cannot answer these questions, what right has he to claim, as he did in his budget speech, that he is "fully aware of the role of leadership that falls to the federal government"? If the government is really aware of its role of leadership, why are we not getting it instead of expedients designed to paper over the cracks or, to cite an analogy a little more topical in Ottawa at this time, to fill up the potholes? Surely there is no leadership in waiting for something to turn up, which this budget does; or the philosophy that we will jump off that bridge when we come to it. I quote from an editorial in the Hamilton *Spectator* of April 6, a newspaper that is not notoriously friendly to the Liberal party:

> Mr. Fleming may be accused of lacking leadership. In a sense he has stepped to the sidelines and left us to look after our salvation with a mild word of advice.

[Mr. Pearson.]

There is no leadership in merely telling Canadians to manage their own affairs better, to show self-restraint and caution, to work and save. As the *Globe and Mail*, another newspaper not notoriously friendly to this party, put it on April 4:

> We wish Mr. Fleming would manage his own affairs as prudently as he exhorts the Canadian people to manage theirs.

In default of plans and policies of their own to deal with these matters the government look at us and implore, what would you do? In the first place we would have put into effect three years ago fiscal policies which would have prevented many of the difficulties in which we find ourselves now, those Liberal fiscal and financial policies which met previous recessions successfully. They have been put forward more than once and proof of their effectiveness is found in the history of Canada from 1940 to 1957. One reason we are now facing the difficult problems which we are facing in this field today is that this kind of financial policy was not followed.

I have tried to state what the difficulties are, even if the minister has not. To face them frankly, to be aware of them, is the first and indispensable step in their solution. Hon. members are continually saying, what would you do? On several occasions in this session we have said what we would do about unemployment; we have said what we would do about agricultural conditions, support prices for eggs, hogs instead of deficiency payments; we have said what we would do in trying to stimulate our export trade. When we have made these proposals we have raised them in concrete form. What does the government do? It ignores them completely. When we try to raise these problems in the field of defence, where we are spending $1,500 million which would be a great help in meeting some of these financial problems, what does the government do? It refuses to even give us the right to discuss these problems effectively. Then they continue to say, what would you do? When we tell them what we would do, they ignore our suggestions or refuse us the right to even discuss them.

There is one more point I want to emphasize before I conclude. In defence, and in every other form of governmental activity, every single dollar of unnecessary expense must be eliminated. This, however, does not mean, as we see it on this side, that for desirable social purposes, such as the restoration and development of depressed areas, the government should hesitate to spend the money which is required where private enterprise cannot do the job alone or at all.

Furthermore, in a general economic emergency, not the kind of recession we have had since world war II, but in a general economic emergency which I hope we will not have, the kind of emergency we had in the 30's, with massive unemployment even worse than we have today, no government should be afraid of a deficit, provided that deficit is planned and designed to achieve the social and economic purposes in mind and is not one accumulated through the implementation of un-co-ordinated political commitments, as were the deficits of my hon. friend in the last two years. There should also be the proviso that it be made clear, in any proposal that is made, that all expenditures can only come, either immediately or ultimately, from the pockets of the taxpayers. There is no other way. It is important to balance our national budget. It may be important, in certain circumstances to budget for a surplus. But there is an objective of government more important even than these, to keep free people working and a stable country expanding. Good social purposes should not be subordinated even to fiscal policies. The two must go hand in hand, each one supporting the other. This requires wisdom, imagination and courage on the part of governments at all levels. It requires hard work and common sense on the part of the citizens. This is a combination, Mr. Speaker, that should underlie Canada's development in the years ahead and can ensure, in so far as national policy can ensure, a good future for our country.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I welcome more than I can adequately say the opportunity of following immediately after the speech by the Leader of the Opposition (Mr. Pearson) this afternoon. Before I address myself to replying to some of his observations, may I turn back to these seven days that the budget debate has progressed and express to many hon. members who have spoken in the course of this debate my very deep sense of gratitude for the most kind things that they have said about the budget and the effort that was devoted to it. These things mean a great deal to me, and I do wish to convey my sense of appreciation of them.

The debate has, by this time, come to be impressed with several features. In this respect I think probably we have had less contributed to the features of this debate by the opposition than is usual in this annual debate. It is evident, I think, that the dominant note throughout this debate has been a positive and constructive note struck by those hon. members supporting the government who have seen fit to speak of the budget and the fundamental objects in the Canadian economy which this budget is designed to serve. But if there has been a contribution to this debate by hon. members of the official opposition I say, Mr. Speaker, that it has been distinguished by two features. The first is that the opposition has no alternative and no policy to offer to the Canadian people. The second is that they are lost in gloom of their own creation.

Let me enlarge on these two points. We have been waiting patiently during these seven days of debate for some indication, at least some outline, of what hon. members opposite say ought to be done in these circumstances by a budget that this budget does not do, or what a budget ought not to do that this budget has done. We have waited, even to the last minute of the speech by the Leader of the Opposition, for some statement of the policy of the Liberal party and what they say they would do under those circumstances were they transferred to this side of the house. We have been waiting, and we have not heard.

A glorious opportunity was given to the financial critic of the opposition, not only when he spoke to the house a week ago yesterday, and it was a great opportunity that was given then, but also on a certain television program in which that distinguished hon. gentleman participated during the same week. If I may attempt to summarize the course of the press interview on the television program, it came down to this: Time and again those who participated in the questioning urged, asked, begged, the hon. gentleman to answer this question, what would you do under these circumtances? Two things emerged crystal clear from the replies of that hon. gentleman. Oh, how constructive were those replies, Mr. Speaker. He said in the first place,—and I tell you this is a constructive answer—"We would consult the experts".

Mr. Pickersgill: It might have been a good idea if you had done so.

Mr. Fleming (Eglinton): That is rather hard on Professor Lamontagne. The financial critic certainly down-graded the Liberal professorial brain trust. But he did not stop there. Oh, no; he had a second answer, firm, courageous and constructive. This is what he said. When pressed again with this question "What would you do?" his answer was, "We would do something". That is the content of the whole press interview as to what he would have done or what his party would have done under these circumstances.

We have now heard the Leader of the Opposition. He has had the benefit of another

week to think over this problem. He has had the opportunity of many more days in which to consult such experts as he sees fit to consult. He has had the benefit of some well-meant admonitions from many of the organs of the Liberal press in this country. What does he come up with?

It was in his final paragraph that he reached the great peroration in his remarks this afternoon. Oh, how thrilled we were. He was going to answer this question. We waited. We moved to the edge of our seats. We pricked up our ears. We became tense. Excitement rose, I am sure, in every bosom. Our hearts began to beat faster. At last we were going to be let in on the great Liberal secret and be told what they would do in these circumstances. Then out came the answer. How profound it was and right to the point. How forthright it was. There was no beating about the bush. Here is what he said. He said, "We would have put into effect Liberal fiscal policies three years ago".

Then he was asked from various parts of the house what those policies were. He did not have an answer and we are still waiting to hear it. We know just as much about what those policies are as we did before the hon. gentleman came to the beginning of his peroration or indeed before he began to speak this afternoon. He is still going on talking. It is the same old Liberal tactic. He talks about Liberal fiscal policies but he does not come down to earth and tell anybody what they are.

Then when he was pressed again by hon. gentlemen on this side of the house who said, "Tell us what are these policies", the best that anybody could get out of him was this; and I remind the house that he had unlimited time in which to speak today. He was not the least bit hurried. He had ample time in which to answer that question. He said, "We have said what we would have done". Does anybody remember his having said anything that they would have done under these circumstances? One can only conclude—and I am sure that this is a conclusion that only those among us most charitably disposed toward the Leader of the Opposition would reach under these circumstances—that what he is saying is that the policies they would have put into effect are those Liberal fiscal policies which led this country into the recession of 1957-58 and which the people of this country rejected in 1957 and again in 1958 at the polls in the most decisive manner.

I said there was a second feature contributed to this debate by the Liberal participants in it. It was indeed the contribution of gloom. To those who believe in the two-party system I must say in deep earnestness that it fills some of us with deep concern to see the Liberal party wallowing in gloom concerning Canada. Perhaps it is not unnatural for them, on looking at their particular situation, to be afflicted with feelings of despondency. But why do they have to go further and try to transfer that gloom to Canada? In any event, I believe their efforts are not being crowned with success. Indeed, they are being crowned, on the part of the Canadian people, with the displeasure and disapproval which those tactics on the part of hon. gentlemen opposite so abundantly deserve. All their chagrin and all their disappointment at the failure of their gloomy predictions will be no justification in the minds of the Canadian people for their efforts to pour gloom and pessimism over the Canadian scene.

Indeed, hon. gentlemen opposite have not been satisfied with the facts. The facts are not in accord with the kind of conclusion they want people to draw and so they must put a gloss on the facts. We have witnessed some extraordinary things in this debate. It evidently matters not in their calculations whether what they say does harm to Canada as long as it serves the partisan interests of the Liberal party. I suppose this procedure makes no great impression in this house. We have heard them previously. We have seen them indulging in these tactics which have become chronic on the part of hon. gentlemen opposite since they went into opposition. I suppose there are not too many Canadians who do not see through this political game. But I believe that these statements do Canada's name harm outside of Canada.

I had occasion last summer when in London to be confronted with a number of articles concerning Canada in some of the economic journals in the United Kingdom. They were dismal in their reading of the trends of the Canadian economy. Where did those impressions arise? They certainly did not arise from the facts for at that very time Canadians were earning more than ever before, saving more than ever before, spending more than ever before and more were employed than ever before. One could point to a host of other facts. These facts had not registered there but the gloom had made some impression. If that had any relationship with facts in this country I can trace it to one source and one source only and that is to the kind of statements that have come from the Leader of the Opposition and his followers.

But the matter did not stop there. It has just gone on in the same way. In recent days they have endeavoured to quote back

to us—and the hon. member for Kenora-Rainy River (Mr. Benidickson) did so a week ago yesterday—some of the articles in newspapers in the United Kingdom based not on the facts but on the kind of statements that have emanated from hon. members opposite. I think the situation has reached the point where hon. members opposite owe it to themselves as well as to the country and to the two-party system to examine themselves and to examine the tone and the trend of their remarks. I tell you that this kind of gloom in which they are indulging is not the kind of thing that is going to enable the Liberal part to fulfil its function and the future it thought it had in the two-party system.

I am speaking in this debate, Mr. Speaker, as one who is a firm believer in the two-party system and does not wish to see the Liberal party dig its own grave in dismal gloom. This has reached the stage of irresponsibility. Remember it is not so very long ago, just a year ago in the budget debate, when the Leader of the Opposition, as reported on page 2912 of *Hansard* for April 21, 1959, was saying:

I tell him—

That is the Minister of Finance.

—and the government that the word of Canada does not mean as much now as it did.

He was not satisfied to say that things were not going right; he was impugning the honour of this country in saying that Canada's word was not as good as it used to be. There seems to be—

Mr. Pearson: Mr. Speaker, this has been brought up before. If the minister wishes to be fair he will explain that when I made that statement it was with regard to a repudiation of a contract made by an agent of the government of Canada for the purchase of pictures for the national gallery. Perhaps the minister will explain that.

Mr. Fleming (Eglinton): Mr. Speaker, it is quite true that the hon. gentleman went on to cite as evidence the contract to which he now refers. But he did not, as he is trying to pretend now, content himself with that. After making this bold, brazen charge I have just read, he went on to say, "I can get lots of evidence to support that statement". Then he went on to choose one example, namely these R.C.M.P. contracts. He referred to "lots of evidence". I can understand why—

Mr. Pickersgill: Would the minister permit a question?

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): I can understand why the Leader of the Opposition—

Mr. Pickersgill: Would the minister permit a question?

Mr. Fleming (Eglinton): No. I can understand why the Leader of the Opposition is so—

Mr. Pickersgill: Mr. Speaker—

Mr. Speaker: Order. The minister will not accept a question so the hon. member should resume his seat.

Mr. Pickersgill: I am sorry, I could not hear his answer.

Mr. Fleming (Eglinton): Mr. Speaker, the tactics of the hon. gentleman in selecting what they want to hear and what they do not want to hear is a fine example of the "pick and choose company".

Mr. Pickersgill: I was just going to ask about repudiating the constitution.

Mr. Fleming (Eglinton): The hon. member for Bonavista-Twillingate (Mr. Pickersgill) has just said something which makes it evident he is seeking to support the statement made by the Leader of the Opposition which I have just quoted from *Hansard*. Mr. Speaker—

Mr. Pickersgill: Mr. Speaker, I rise on a question of privilege. I am—

Mr. Fleming (Eglinton): He is supporting the bold, brazen charge impugning the honour of Canada.

Mr. Pickersgill: I am rising on a question of privilege. I am seeking to support it, and I am seeking to support it because this government repudiated the good name of Canada in its constitution.

Mr. Speaker: Order. The hon. member is taking liberties with his question of privilege. What he says is purely a matter for debate.

Mr. Fleming (Eglinton): Mr. Speaker, no one knows better than the hon. gentleman that that was no ground for intervention. Anyway, we have him lined up—I think it is interesting to see this—in support of a statement made by the Leader of the Opposition which it is evident the Leader of the Opposition now wishes he had never made and which he now wishes to back away from—

Mr. Pearson: Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Pearson: —on a question of privilege, I am not trying to back away from the statement. I stand by my statement, and there was a breach of the word of Canada in three respects which I mentioned at the time. Now, carry on with your budget.

Mr. Fleming (Eglinton): Mr. Speaker, it is quite clear the Leader of the Opposition cannot suppress the statement that is so clearly on record and which will be there never to reflect creditably upon him as long as he continues to support it and as long as his loquacious supporter to his left, the hon. member for Bonavista-Twillingate, undertakes to support it as well.

Mr. Pickersgill: Any time you want to debate term 29 I am ready.

Mr. Fleming (Eglinton): Mr. Speaker, the hon. member is very agitated. I guess there must be something on his mind or his person that is bothering him.

Do not take my word for it. Let us hear what the Toronto *Star* has to say about the course of the participation of hon. members opposite in this debate. This is what the Toronto *Star* said on April 7—

Mr. Pickersgill: Mr. Speaker, I rise on a point of order. The other day Your Honour ruled, when an hon. member on this side of the house sought to quote an editorial reflecting on a debate going on in this house, that it was out of order. I submit that the same rule should be applied to the Minister of Finance (Mr. Fleming) as was applied to this side of the house.

Mr. Speaker: That is quite true. If the minister does seek to quote such an editorial it would be proper to call him to order, but so far there has been no indication in which direction the editorial is heading.

Mr. Fleming (Eglinton): Mr. Speaker, I recall that the Leader of the Opposition read quotations this afternoon from various editorials.

Mr. Pearson: Not dealing with the debate.

Mr. Fleming (Eglinton): I am talking of the conduct of hon. members opposite. They say that it is all right to read editorials concerning the budget. Mr. Speaker, allow me to make reference to a Liberal source. I am sorry they do not like this kind of Liberal source any more in its references to them and what they lack in the way of policy. That, I think, is well within the rules of the house. If there is any doubt about it, then I say at once that I adopt the sentiments expressed in this very interesting piece of writing as my own. The heading is: "Liberals Keep 'Em Yawning", and it states:

> The Liberal party had better get some policies or else stop holding press conferences.
>
> This conclusion was forced on us by watching three parliamentary correspondents diligently but vainly trying to extract some clear answers from William Benidickson, Liberal financial critic on the C.B.C.'s televised "Press Conference" Tuesday night.
>
> In the Commons, Mr. Benidickson had called Hon. Donald Fleming's budget a "do-nothing" budget. Then what, asked the correspondents, would Mr. Benidickson have done in Mr. Fleming's place?
>
> If he knew, Mr. Benidickson wasn't telling. He was true to the Liberal high command's policy of no-policy, of criticizing the government's action without offering alternatives. This is producing some of the most barren press conferences on record.
>
> Would the Liberals raise taxes? No. Would they cut taxes? Well... perhaps some taxes on production.
>
> Mr. Benidickson replied to some topical questions by recalling bold, wise moves the Liberals had taken in comparable circumstances when they were in power. For example, their emergency import restrictions to conserve American dollars in 1947.
>
> We have news for Mr. Benidickson and the Liberal strategists: The voters don't care a hoot what the Liberals did in 1947. They just might be interested in Liberal remedies for the country's ills in 1960.
>
> Mr. Benidickson viewed unemployment with justifiable concern. But he didn't say what the Fleming budget should have done about it.
>
> Like other Liberal spokesmen, Mr. Benidickson offered two excuses for his unresponsiveness:
>
> (1) The duty of the opposition is to criticize, not originate policies; (2) The opposition, being out of power, lacks access to the facts on which to base policies.
>
> These excuses won't wash. It's true that the main job of the opposition, in parliament, is to expose government errors and omissions. But when a politician calls a press conference, or accepts an invitation to one, people expect some information, some constructive opinions. Fence-sitting and round-about evasions make dull copy and dull T.V.
>
> As for the excuse of lacking access to the facts, this might justify—but only in part—the Liberals' uncertainty on defence policy. The government does reserve important information in this field. In the others, plenty is known.
>
> Unless the Liberals have some ideas and the courage to state them, they had better stay off television, for the sake of the party, as well as the viewers.

[Mr. Pearson.]

Mr. Pickersgill: Will the minister permit a question now?

Mr. Speaker: Order.

Mr. Fleming (Eglinton): If you will not call it five o'clock for a moment, Mr. Speaker, I will be pleased to answer.

Mr. Speaker: Order, it is five o'clock.

Mr. Fleming (Eglinton): Perhaps I could take it this evening when we resume again.

Mr. Speaker: There will be another opportunity.

BUSINESS OF THE HOUSE

Mr. Speaker: It being five o'clock, the house will now proceed to the consideration of private and public bills, the former having precedence pursuant to section 3 of standing order 15.

Mr. Peters: With the unanimous consent of the house we are prepared to waive the private members' hour.

Mr. Pickersgill: We in the Liberal party are perfectly agreeable to that.

Mr. Morton: We who are sponsoring bills on behalf of certain companies are anxious to have them dealt with and despite the fact that the C.C.F. may be tired of discussing divorce bills we feel we should deal with these bills. We will agree to deal with them as expeditiously as possible and after those bills are dealt with we could revert to government business.

Mr. Pickersgill: Mr. Speaker, in the exceptional circumstances I think the hon. gentleman's proposition is a very reasonable one and if the C.C.F. would agree to it we would be prepared to accept his proposal.

Mr. Howard: That is agreeable.

Mr. Speaker: If I understand the unanimous order that the house is prepared to make it is that we will proceed with private bills other than divorce bills and when they have been dealt with we will return to the debate. Does the house give unanimous consent to this proposal?

Mr. McCleave: No, I cannot agree to that, Mr. Speaker.

Mr. Speaker: It being five o'clock, as I have already intimated, the house will now proceed to the consideration of private and public bills. Obviously there is not unanimous consent.

PRIVATE BILLS

HELEN ELISABETH MILLAR RAMSHAW

The house in committee on Bill No. SD-37, for the relief of Helen Elisabeth Millar Ramshaw—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Howard: Mr. Chairman—

Mr. McCleave: On a point of order, Mr. Chairman, is it not the usual courtesy to give the sponsor of the bill the first word?

The Deputy Chairman: The Chair has already recognized the hon. member for Skeena.

Mr. Howard: I am prepared to waive that recognition if the hon. member for Halifax wishes to comment first.

Mr. McCleave: Mr. Chairman, I was simply going to say that this is a case of a 25-year old woman looking after two children ages 2½ years and 14 months, with an income of between $250 to $300 a month. The husband is a poet and is incapable of providing any assistance. It is a very worthy case, Mr. Chairman.

Mr. Howard: I thank the hon. member for his concise assessment of the facts. Because the hon. member made reference to the evidence given before the Senate committee and because there is doubt that we can consider that evidence I would at this stage ask that the committee give unanimous consent to allowing a discussion on the evidence given before the divorce committee of the Senate which will permit expansion of the comments made by the hon. member for Halifax. May we have that understanding?

The Deputy Chairman: Order. I am sorry but the committee is bound by standing order 59 (2) reads as follows:

> 59 (2) Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

Mr. Pickersgill: Mr. Chairman, on the point of order we feel that the rules should be very rigidly adhered to.

Mr. Howard: Only when it suits your purpose, I gather.

Mr. Pickersgill: Exactly.

Mr. Howard: I appreciate the rule, Mr. Chairman, and the fact that the hon. member for Halifax contravened it in mentioning the children. I do not mean that in a derogatory sense but it indicates that the hon. gentleman shares our concern that there are more people involved than the petitioner and respondent.

It is my understanding that the committee cannot suspend the standing orders by unanimous consent. I think we have a right to make requests for special considerations. Taking that approach we might obtain authority from the house with Mr. Speaker in the chair to suspend the standing order and permit the committee to consider the evidence submitted to the divorce committee of the other place in order that all relevant facts may be properly dealt with in considering this case.

To do this I feel we must indicate orally the desire of having the Speaker take the chair and move a motion to that effect. The motion would be that the committee rise at this stage for a moment or two to ascertain if the house would by unanimous consent suspend the standing order and give the committee an opportunity to discuss the evidence given before the divorce committee in this case. I therefore move:

> That the committee rise, report progress and ask leave to sit again later this day.

Mr. Winch: Mr. Chairman, may I say—

The Deputy Chairman: Order. The motion is not debatable.

Motion negatived: Yeas, 3; nays, 49.

The Deputy Chairman: I declare the motion lost.

Mr. Winch: Children must be ignored in divorce cases.

Mr. Howard: I do not want to reflect in any way upon the decision of the committee; it is certainly an overwhelming majority which desires not to concern itself with the children and the effects on them. I am not reflecting on the wishes of the committee; I expressed my own feeling by voting as I did, and in my remarks prior to making the motion.

I come now to the petition. I think it is proper for us to make reference to particular items in order to see whether certain things have been proved.

The petition says in paragraph 1:

> That on the 24th day of January, 1957, your petitioner—was lawfully married to the said—in the city of Pointe Claire, district of Montreal, in the province of Quebec.

There is evidence in paragraph No. 4 that the petitioner and the respondent lived and cohabited together. In paragraph No. 5 it is indicated that two children were born of the marriage. To the extent that it is necessary to prove, or to indicate that the marriage was consummated, this is one way in which consummation is proved. Since children were born of the particular marriage, to that extent we are duly bound to take cognizance of the particular material shown in the petition itself, and also of the corroborating evidence given later on.

Paragraph No. 6 of the petition makes reference to a certain matter which by itself does not seem to be in keeping with the orders of the other place relating to divorce, but I expect this is cleared up and permits us to overlook the fact that it does not comply with the standing orders of the other place. Paragraph No. 6 states:

> That in the month of June 1958, your petitioner became suspicious that the said—had previously on divers occasions committed adultery with divers women whose names are unknown to your petitioner.

It is this reference which I submit is not in keeping with the rules of the other place relating to this matter. However, paragraph No. 7 is more specific, and makes reference to adultery having taken place on a particular day with a particular person and at a particular address. I would imagine that this is the reason why the members in the other place overlooked the conflict between this paragraph and the previous paragraph which refers to adultery in a sort of general way. Without discussing it, I am assuming this is the reason they overlooked the conflict with their standing orders.

[The Deputy Chairman.]

In order to prove this particular point, certain questions are asked by the clerk of the committee of the petitioner. The first proof required is that of the marriage having taken place. The petitioner was sworn and the clerk of the committee asked these questions:

> Q. Are you married and, if so, to whom?
> A. Yes, I am married to—.
> Q. When were you married?
> A. January 24, 1957.
> Q. Do you remember by whom?

The name of the clergyman and the name of the church were given. I continue:

> Q. I show you a document. Do you recognize this?
> A. Yes, it is my marriage certificate.
> Q. Are the names and dates correct?
> A. Yes.

There is reference in the petition to the fact that two children were born, and the petitioner gives evidence to this effect, as was indicated by the hon. member for Halifax, and by the questions asked of the petitioner by Mr. Leggat, Q.C., counsel for the petitioner. He makes reference to the children having been born. For instance, on page 9 he asks this question:

> Q. Did you have the baby?
> A. Yes, I had the baby in August of 1957.

At various places throughout the evidence questions are asked as to the children, their ages, and other facts regarding them, to indicate that consummation of the marriage had taken place.

There is also a great deal of reference, as was indicated by the hon. member for Halifax, to how the children were to be looked after, what was the financial position of the petitioner and whether she would be able to care properly and adequately for them. There was reference to her being an ophthalmologist and to the fact that she was living with her mother. She is not working on a full-time basis. She has worked in a number of cities in eastern Canada. The amount of her income was referred to. There was also reference to the fact that her mother is caring for the children while she is away. A baby sitter does come in and does work but the mother is there most of the time.

There is also reference to the fact of the mother raising two small children, which indicates she is not sure whether she will have any difficulty in raising them. On page 12 she says:

> As long as I am able to continue this work.

Senator Taylor questioned her about her present income, and she indicated that if she were sick or had to stop work it might be awkward but she is sure some arrangement could be made. There is extended reference to the children.

I submit that to some extent we should consider the fact that there are children is proof that the marriage has been consummated. We should consider the children to that extent, although we are forbidden by the rules and by a vote of this committee to concern ourselves any further with their welfare.

In this particular case, as the hon. member for Halifax indicated very succinctly and clearly, an extremely strange relationship existed prior to the actual case coming before us with respect to adultery having been proved. There is a great deal of reference about the physical and mental condition of the husband. I think we should concern ourselves with the aspect of mental cruelty which might lead up to adultery having taken place.

The evidence indicates that they lived at a particular address; that she was a student at McGill and he was working at Canadair. I am reading from page 9 of the evidence. The evidence says:

> But he soon left Canadair and he wasn't working at all, he was sitting around writing.
> Q. Writing what?
> A. Poems.
> Q. What happened during the months of February and March, 1957?
> A. Well, I wasn't allowed to see anybody or talk to anybody. He was always arguing with me and swearing at me and calling me names and beating me up and he wouldn't let me out of the house and he wouldn't let my mother see me or come to see me.
> Q. Did he virtually keep you a prisoner in the home?
> A. It was pretty well like that. I suppose I could have skipped lectures but I was a student and he knew what my timetable was and if I didn't come right in on the dot he would beat me up or something. Then I was pretty worried too because I was pregnant and I was afraid that I would lose the child or something like that.

Then there is a question by Senator Isnor and the answer is a reiteration of the date when this occurred. Then Mr. Leggat continued:

> Q. Did he ever actually cause you any bodily harm?
> A. Yes, he did. He hurt me very badly and he made my ear bleed once, I remember. I was always covered with bruises. So I went to Mr. Leggat to see if I could do anything about it, and he said we could try to get a separation.

Then there is some reference to a separation. There is also indication of the respondent's lack of concern for the welfare of his wife and the two young children. There is evidence that would lead one to believe that he has a completely irresponsible attitude which in my submission is a form of mental cruelty. The respondent left at one stage and she did not hear from him for some time. When she did hear from him after the first child was born he was in British Columbia. She had this to say as found on page 9 of the evidence:

> A. I saw him once or twice in the spring of that year—

I would think that would be 1957.

> —and then he left in June and then I heard from him again at the end of August after the baby was born, from British Columbia, and he had a job lined up there for teaching the following year and he asked me to go out and bring the baby and live in Prince George, British Columbia, but he didn't offer to pay for me to get out there or to pay the doctor's bills for the baby or for the hospital when the baby was born, or anything for my keep in all that time.
> Q. And did you go out and try to make a go of it in British Columbia?
> A. Yes, I did. I went out at the end of September, 1957. I had hoped if he was working again things would be different—

Then she indicates that he did pay some expenses for the upkeep of the house and herself there. She goes on to say:

> He had been there about two months before I arrived and he had his group of friends and everything and he had various women who would drop around to the house quite frequently, and whenever they were there he seemed to ignore me and he would get very irritated if the baby cried and interrupted his conversation. Again it was the same thing, arguing with me and beating me.

So there is a repetition of what had happened before so far as cruelty is concerned and lack of concern for the wife and the child. In one instance he left in 1957 and she did not hear from him for some time. Then she did hear from him and she went out with the baby to Prince George, British Columbia. Then she was asked this question:

> Q. What happened in the spring of 1958?
> A. Eventually he suddenly told me one day he had given notice to the landlord and I would have to leave, and he wasn't going to keep on this house that we had and I might as well go back home, that he didn't want me. I suggested finding some other place and he really blew up then and he said no, that I could go back to my family in Montreal.
> Q. He sent you back?
> A. Yes, he pretty well did.
> By Senator Barbour:
> Q. Did he pay your way back?
> A. No, he didn't. I borrowed money for that.
> Q. He really abandoned you out there in the west?
> A. It was pretty well that. I didn't know anyone there. There was no one I could stay with and he made no alternative arrangement. He just sort of dropped me.

Following that the young lady returned to her mother in Montreal in April, 1958. She is asked a question about the next time she saw the respondent, her husband and she gave this answer:

> A. He came back to Montreal in June of 1958 and he phoned me up one day to say he was in Montreal but he didn't say what he was doing or anything, and he was not working. I had another baby coming in November but he didn't show any interest particularly in that or in the child we

already had, and he would call me up from time to time. He came to see me once and to see the little boy and he didn't offer to support me or anything or to pay any of the medical expenses and he wouldn't tell me what he was doing or anything, and I asked him and he said he was just sitting around in his room doing nothing.

So we can assume that as far as the attitude of the husband is concerned it is a case of desertion. We are not duty bound to grant divorces on the basis of adultery and neither is the other place so even though there appears to be an unconscious desire to insist that some evidence of adultery be presented I submit that desertion would be the ground for the granting of a divorce in this case. I think the members of the committee of the other place gave the greatest weight to the questions of cruelty and desertion. I have only made reference to the evidence in that regard to show how extensive it was and how much the members of the other place were concerned with cruelty and desertion and with the lack of consideration by the husband for the welfare of the wife and the children.

I submit that this evidence influenced the members of the other place to a much greater extent than did the evidence of adultery and I think it is evidence which would properly influence us in granting this petition for divorce and dissolution of the marriage. But inasmuch as there is a desire to prove that adultery did in fact take place there is evidence given to this effect. I should like to make one or two comments about the evidence and the manner in which it was obtained. Evidence was given by Mr. George Roland Faucher who is an investigator and appeared as a witness on behalf of the petitioner. He was questioned extensively by Mr. Leggat and by the senators as found on pages 13, 14, 15 and 16. I might add that while there were two investigators involved in this case one of them died subsequent to the investigation and before the evidence was submitted to the committee so that only one individual gave evidence on behalf of the petitioner. He indicates that on a particular day they appeared at a certain address and noticed certain things. He was questioned by Mr. Leggat, as found on page 14:

Q. Do you know the apartment number?

The reference is to the particular address where adultery was supposed to have taken place or where it was indicated that it could have taken place.

A. Apartment 4 on the first floor, just to the right of the staircase.

Q. What did you do after you met him at 9 o'clock?

A. We waited until about 10.45 and decided we would try to go in and if he answered the door and was fully dressed we would use an excuse and walk away. We made our way to the first floor and I knocked at the door which was opened a few moments later by Mr. Ramshaw, who was wearing a dark brown dressing gown and a pair of soft shoes. As the door opened toward the left we were able to see to the right that the woman was in the room—

Here again is evidence, I think, of illegal entry on the part of some of these investigators in their attempt to get evidence in order to prove certain circumstances which might lead us to reasonably assume that adultery could have or may have taken place. He said:

—and I pushed in and was followed by Mr. Maisonneuve—

This is the other investigator.

—I asked him to close the door behind me. As he opened the door I asked him if he was Mr.—, and he said yes, and I seen the woman and we both rushed in and I asked Mr. Maisonneuve to close the door.

There is an indication of illegal entry or trespass, pushing their way into someone else's private sanctum. I submit this is an invasion of the rights of the individual which should not be countenanced. I believe it is a criminal act, contrary to the Criminal Code, and that charges could be pressed for trespass or illegal entry. At least, as I have had this section of the Criminal Code explained to me I have been led to believe this could be done when evidence of this nature is given. These men both rushed in. You do not use the word "rush" or "push" if there is an invitation from an individual to enter. I continue to quote:

I then produced this photograph and asked him if it was one of himself, and he looked at it and said yes. He wanted to know what it was all about and I proceeded to tell him but he was angry—

I would assume that under normal circumstances he would be angry if two strangers were to push their way in or rush in and close the door. Up until this time, if this was not an arranged case, the respondent did not know that these particular investigators were coming to visit him at this particular time. He could come to the conclusion that all sorts of things might be the case. It might be an attempted robbery. I do not know what thoughts would go through his mind, but certainly there was reason for him to be angry.

—he was angry by the fact we were both in the room, and the woman was to our right in the bed and, as far as questioning our legality, we have a warrant—

I do not know whether or not, legally, they would be entitled to obtain a warrant for this particular type of activity. I would assume that warrants are granted to official police constables from time to time by the courts. I could not say whether or not these

gentlemen would have a warrant, but I would doubt it very much. In any event, the evidence goes on:

> —and as I tried to calm him down and explain the purpose of the call he became angry, and I finally threatened him that if he didn't quieten down and listen to me I would call the neighbours and Mrs.—, who I think was the home operator.

So we have here, one, invasion of rights contrary to the Criminal Code; enforced entry, pushing your way in; two, if they did not have a warrant, and I doubt this very much, then there was a lie and threat and, finally, there is a threat of certain action if the person did not quieten down and listen to him. Unfortunately these are three things which investigators do from time to time in complete disregard of the rights of the individual in his home or apartment, wherever he happens to be. They do these things in order to obtain evidence which would indicate that the circumstances were such that adultery may have taken place. It is unfortunate, as I say, that these things occur, but they do. I do not believe we should countenance them. I would expect that in a court of law if evidence of this nature were given of having pushed their way in, the judge might well take account of that and make some comments to the individual who gave that sort of evidence, that this was contrary to the statutes of Canada.

I would imagine, also, that the individual whose apartment this was would have cause for complaint. He could quite properly suggest that an arrest be made, on the basis of the Criminal Code, the person not having been invited into his apartment. These investigators are in an advantageous position at certain times because the individuals do not want any undue publicity given to their activities. This might result in the investigators being more forthright in their disregard of individual rights than might normally be the case. You could ask any individual in this committee if, at 10.45 in the evening, two strangers came knocking at his door and, when he went to the door they rushed in, closed the door behind them and began to ask particular questions, would he not become angry?

It is possible for these investigators to make errors from time to time and get into the wrong apartment. I had one case recounted to me in which this happened, not this particular case about which I am speaking now. The investigators made an error and broke in on somebody else, a man and his wife who were very much upset by this intrusion. I submit it is only because these investigators have an advantage that they are able to get away with this sort of nonsense of pushing into an apartment. It does not matter whether it is a hotel room or an apartment, an individual rents it and has a right to privacy there. These investigators should not be allowed to barge in and violate the law in order to get some evidence. There should be some other arrangement made.

I submit that in this case, as I said earlier, primary consideration was given by the other place to the question of cruelty and to the matter of desertion. When I refer to "cruelty", I mean both mental and physical. Primary consideration was given to the fact he kept this woman almost a prisoner in his home. These were the things to which primary consideration was given by the committee of the other place. There was her evidence of having been beaten and covered with bruises and a separation action having been commenced; evidence of desertion, about not caring for the family. There is a reference to the husband here by one hon. senator as a bohemian or beatnik type of individual. These were the things that weighed rather heavily in the minds of the committee members of the other place in reporting favourably on this bill. Since we are not bound by any strict legislation that says adultery must be proven, these are the things that should be given the greatest amount of consideration by this committee in giving passage to this particular bill.

I should like to return to this question of the pushing in, the rushing in. I have noticed, Mr. Chairman—I hope I will be allowed to make a comment or two on this—in other instances where evidence has been given by investigators that they forced their way in, that they rifled through someone's private property such as a purse in one instance that I recall; that they engaged in thievery by taking a nameplate off a door in order to say "This is the nameplate that was on the door, so it proves that is that particular person's abode"; that they used threats in dealing with—

The Deputy Chairman: Order. I am sorry to interrupt the hon. member but I must advise him that his time has expired. Shall clause 1 carry?

Mr. Peters: I presume that the sponsor of these bills is more familiar than are some of the rest of us with the law, he having a degree in law. I presume that he has given some consideration to the legal stipulations necessary for this committee to handle and process a divorce under the rules and regulations prescribed by the Senate. I would ask the sponsor whether he has given consideration, and, if so, in what manner to the

domicile of the woman and to the domicile of the husband in this particular case.

Mr. McCleave: It is true that the husband was a bit of a wanderer. The evidence as given shows that they lived for a while in Quebec and also for a while in British Columbia and that the husband apparently when last heard of was in England. The practice has been to bring the case before parliament only when the husband is domiciled in Quebec or Newfoundland. Change in domicile is defined within the law. If a man establishes domicile in one place and then turns into a bit of a nomad, there is no reason to think that he has changed the domicile he has unless there is very strong evidence to that effect. On looking at the facts here fairly, I think the domicile is established as in Quebec. While he may have lived for some time in England, he had not lived there sufficiently long to show that he had changed his domicile.

Mr. Peters: I believe it is true that he has been a bit of a nomad and has wandered considerably. But as we read the evidence it would indicate that the place where he established a home or a residence and permanent domicile—and the only place in which he did this—was in the province of British Columbia. The only place in which the wife indicates that any support or reasonable support took place was in the province of British Columbia. At the same time I believe it has been clearly pointed out that this man lived in England, was raised in England, that his natural domicile of origin is England and that he has now returned to England. During the questioning there has been no indication that he has any intentions of returning to Canada or to the province of British Columbia or to the province of Quebec.

I think the sponsor of this bill is probably aware of the fact that domicile under the divorce laws of Canada can be established outside of the jurisdiction of the husband which I would submit is England in this case. It can be established outside of that jurisdiction if two years have elapsed. Because of the desertion charges which are also indicated and suggested in the evidence, after two years the wife has the right by law to take the domicile of her considered residence and no longer has to come under the domicile of the husband.

This matter has been given some consideration. It not only has caused a problem where we have had to decide in Canada, for purposes of establishing domicile, that each province will be considered to be a country and that the domicile of the husband, is always the domicile of the wife whether or not she is living with the husband, even in those cases—and this appears to be a fact in this case—where a legal separation has been granted by the court and then consideration has again been given to the marriage by the two parties and they have lived together on a number of occasions. It has been pointed out that in the case where a wife has been deserted the situation is as follows, and I am quoting from page 287 of W. Kent Power's book "The Law of Divorce in Canada":

> The decision of the privy council in Cook *v.* Cook and Attorney General for Alberta (a) that a wife deserted by her husband cannot acquire a domicile separate from him so as to give the courts of that domicile jurisdiction to dissolve the marriage, even though she was judicially separated from him led to the enactment by the dominion parliament of the Divorce Jurisdiction Act, 1930, chapter 15, which provides:
>
> "A married woman who either before or after the passing of the act has been deserted by and has been living separate and apart from her husband for a period of two years and upwards and is still living separate and apart from her husband, may in any one of those provinces in Canada in which there is a court having jurisdiction to grant a divorce a vinculo matrimonii, commence in the court of such province having such jurisdiction proceedings for a divorce a vinculo matrimonii praying that her marriage may be dissolved on any grounds that may entitle her to such divorce according to the law of such province and such courts shall have jurisdiction to grant such divorce provided that immediately prior to such desertion the husband of such married woman was domiciled in the province in which such proceedings are commenced."

I believe that the sponsor of this bill has an obligation to the House of Commons, and I believe he will readily admit to me that the place in which they lived together, and the only place in which they were really domiciled in the true sense of the word, was in Prince George in the province of British Columbia. It would therefore be impossible for the wife to start proceedings in the province of Quebec through the parliament of Canada when there was already recourse open to her by law in the province of British Columbia and an opportunity to get a divorce.

If the sponsor says this is not true, then I think we would have to apply our minds again to the fact that if we were to grant—and I do not agree but I say if we were to do so—that the jurisdiction of the domicile will fall within the province of Quebec, we have still not established a separate domicile from the husband in another country, namely England. This divorce was applied for on April 17, 1959. The last time these people had met and had some discussion—and the evidence does not disclose whether or not they had a closer relationship than that—was in January, 1959, only a few months prior

to this application. If we establish the last domicile of the couple, the last time they had cohabited, the last time they had lived together as man and wife, then I think we shall have to agree that this was in the province of British Columbia and that that took place in 1958.

The law does not say that the decree can be granted two years after that. It says that two full years must go by before application is made. Quite obviously, even if we use the earliest possible date of April, 1958, we would find that we are already only in April, 1960 and that this divorce was applied for a full year ago. Hence this lady would not be eligible during that period of time to apply the Canadian divorce court act as it relates to the disallowance of marriage and she would not be able to use this as grounds for obtaining this divorce.

There are other factors in this case. I could point out that there are many problems raised in the evidence which are worthy of some consideration by the committee. I could point to the fact that there were two investigators in this case originally, that one died before he could give evidence, and therefore we have only the unsupported testimony of one investigator who in my opinion is not very reliable and has not proved to be reliable in previous cases. It is quite true we could go into all these things and discuss them at some length, but I think this is much more fundamental than a discussion of the evidence given in the Senate, namely that we are being asked to grant a divorce which in my opinion contravenes the very law passed by the house in 1930, the law of divorce in Canada.

Mr. McCleave: Would the hon. member like an explanation of this point?

Mr. Peters: Yes, I would.

Mr. McCleave: The evidence clearly shows that of some 11 years spent in Canada before returning to England all but 8 months were spent in the province of Quebec, which I think clearly establishes domicile in Quebec. The two year rule, as far as I can see, has no application whatsoever.

Mr. Peters: The matter of domicile is established in several ways, but not necessarily by living in a particular province. As I understand it, you could live in any particular province. You could even make a formal declaration that you were going to live in some particular place and never establish that. As the hon. member for Halifax knows, it has been pointed out on many occasions that people have indicated they would live in one province and have lived in another for a number of years. The fact that they made a formal declaration that they would live in one particular place has not made much difference.

There are many cases which indicate this. There is a case reported in Dicey's "Conflict of Laws", 5th (Keith's) edition, page 54 which illustrates what I mean:

> With regard to the United States, an intention indefinite as to locality to live somewhere in the United States is in itself inconclusive where the question at issue is: Has A., the person whose domicile is in dispute, taken up residence in a given state with the intention of residing permanently in that state? Residing in Philadelphia with the intention, not of making his permanent home in Philadelphia, but of making his home in Philadelphia, Baltimore, or Washington, could not be effective to displace the domicile of origin.

In this particular case it has not been indicated—certainly the evidence does not indicate—that this gentleman had any intention of establishing domicile in Canada or in any particular province in Canada. He lived in the province of Quebec. He moved to the province of British Columbia and then back to the province of Quebec. Then he moved back to the United Kingdom where he was raised and had lived before, and he appears to have got a job. His wife was asked on page 8 by Senator Taylor this question:

> Q. Just a minute, now, is he living in Montreal?
> A. Yes—I beg your pardon, I misunderstood the question.
> Q. Is he living now in Montreal?
> A. No.
> Q. Where is he living now?
> A. He is in England now.
> Q. Do you know if he intends to stay there?
> A. I don't know.
> By Mr. Leggat:
> Q. When did he leave, do you know that?
> A. Yes, he left—well, I heard from him in the fall of last year that he was in England and I guess he had left some time during the summer.

Then the questioning was continued later and she replied that she did not know if he intended to return or not.

I suggest that this man's domicile in the true sense of the word has not been proved and that when he came to Canada he had not made up his mind where to live. He neither formally nor informally informed his wife he would make his residence permanently in Canada, and from the evidence and the cross-examination I suggest that his domicile is now England and that it always has been England.

It should be noted that the fact that they have applied for this divorce has not prejudiced their position in relation to the two-year waiting period. If they withdraw this particular petition then the two-year period can be established, and the fact that

after one year one of the parties has petitioned for divorce will not make it necessary for them to requalify for the period of desertion.

Mr. McCleace: What a humanitarian.

Mr. Peters: Mr. Chairman, the hon. member says, what a humanitarian. I do not think we are discussing humanitarianism here; we are discussing a particular divorce case and discussing it as closely as we can within the legal requirements—

The Deputy Chairman: Order. It being six o'clock, shall I rise, report progress and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT BY THE MINISTER OF FINANCE

The house resumed consideration of the motion of Mr. Fleming (Eglinton) that Mr. Speaker do now leave the for the house to go into committee of ways and means, and the amendment thereto of Mr. Benidickson.

Mr. Pickersgill: Mr. Speaker, I believe the minister was going to permit a question. The question I was going to ask is this. As I understood it the hon. gentleman said he made his own everything that was in that editorial from the Toronto *Star* with which he edified the house—

Mr. Kucherepa: The part he read.

Mr. Pickersgill: Yes, the part he read. The editorial concluded with a statement to the effect that the Liberals should not be allowed on the C.B.C. Does the minister agree with that view and, if so, could the minister arrange to have the Minister of Trade and Commerce (Mr. Churchill) put on again?

Mr. Fleming (Eglinton): Mr. Speaker, I know that you do not expect accuracy from the hon. member for Bonavista-Twillingate. The hon. gentleman has just given another demonstration of his chronic inaccuracy because the extract I read from that excellent editorial in the Toronto *Star* does not say what he attributed to it at all. I am glad to have an opportunity of repeating the final paragraph for his special consumption. It reads:

> Unless the Liberals have some ideas and the courage to state them, they had better stay off television, for the sake of the party, as well as the viewers.

Never did the Liberal party receive better advice.

Those hon. members who were members of this parliament a decade ago will remember that after the 1949 general election questions were raised as to the future of the C.C.F. party. It will be remembered that on one occasion Mr. Coldwell, the much respected leader of that party, was asked what was the future of the C.C.F. His answer was that the C.C.F. might some day gets its chance in the event of a depression or recession.

I make no further comment on that particular statement of the time, but I draw attention to the similarity between the view entertained at that time with respect to the C.C.F. and a view which is now being entertained and expressed with respect to the Liberal party.

Mr. Pickersgill: By whom?

Mr. Martin (Essex East): Only in Conservative circles.

Mr. Fleming (Eglinton): I will have ample evidence from Liberal sources to satisfy all intelligent members of the house.

Mr. Pickersgill: Self adulation.

Mr. Martin (Essex East): It is too early in the evening.

Mr. Fleming (Eglinton): Some hon. members of the house saw a television broadcast within the past week in which one gentleman who is regarded as a rising star in the Liberal party was interviewed on a subject close to the one I indicated a moment ago. I refer to Mr. Charles Templeton, a man whom many of us respected very highly in his former calling. On this particular program Mr. Templeton, who is now regarded as certain to be a Liberal candidate in one of the Toronto or York ridings in the next election, whenever that might come—

Mr. Pickersgill: Eglinton?

Mr. Fleming (Eglinton): If he wants to come to Eglinton, I can assure you he will be welcome. There has not been for many years a Liberal candidate in a federal election in Eglinton riding who lived in that riding. They have always had to go outside to find one.

Mr. Pickersgill: Does the present member live in that riding?

Mr. Fleming (Eglinton): He certainly has made that riding his home since the year 1933.

Mr. Pickersgill: I can produce some evidence to the contrary.

Mr. Fleming (Eglinton): On this particular program Mr. Templeton who, as I say, is regarded as one of the rising stars in the Liberal party—there are even those who refer to him, if the hon. member for Essex East (Mr. Martin) will permit me to say so, as the possible next leader of the Liberal party—

Mr. Pickersgill: Is this a vision or a hallucination?

Mr. Fleming (Eglinton): The hon. member for Bonavista-Twillingate should not laugh at that.

Mr. Pickersgill: I was asking the minister if that was a vision or a hallucination.

Mr. Fleming (Eglinton): The dialogue ran to this effect. Mr. Templeton was being interviewed by Mr. Cohen.

Mr. Pickersgill: Who is Mr. Cohen?

Mr. Fleming (Eglinton): Mr. Cohen addressed this question to Mr. Templeton:

Mr. Cohen: Mr. Templeton, I know that politics interest you. Off the record, do you see a revival on the federal scene of the Liberal party? Do you see them staging a comeback?

Mr. Templeton: This is off the record on television?

Mr. Cohen: Off the record on television.

Mr. Templeton then replied—

Mr. Pickersgill: Mr. Speaker, on a point of order, since the minister has said this is off the record could he indicate from what source he is quoting?

Mr. Fleming (Eglinton): I am quoting from the remarks made by Mr. Cohen and Mr. Templeton on the television program in question.

Mr. Pickersgill: Where did the minister get it? Is this another secret document?

Mr. Fleming (Eglinton): This is a plain statement of fact and consequently obviously is over the head of the hon. member for Bonavista-Twillingate. I shall go back because I do not wish the hon. member for Bonavista-Twillingate to lose the thread of this dialogue.

Mr. Pickersgill: It is yarn, not thread.

Mr. Fleming (Eglinton): Mr. Cohen began by asking Mr. Templeton this question:

Mr. Cohen: Mr. Templeton, I know that politics interest you. Off the record, do you see a revival on the federal scene of the Liberal party? Do you see them staging a comeback?

Mr. Templeton: This is off the record on television?

Mr. Cohen: Off the record on television.

Mr. Templeton then replied as follows:

The only thing I would say about that is that there is a chance of a Liberal revival if there is the economic recession predicted by—I hope accurately—by a number of well-known economists.

If that is not the kind of statement that ought to bring shame to any Canadian, I hope we will never hear a worse one than it on television.

Mr. Martin (Essex East): Do you remember your speech of March 22, 1955?

Mr. Fleming (Eglinton): Pardon?

Mr. Martin (Essex East): Does the hon. gentleman remember the speech he made in this house on March 22, 1955, a copy of which I have before me?

Mr. Fleming (Eglinton): I do not remember all parts of it but if the hon. member does I congratulate him and I commend it to his serious perusal and contemplation. You see, it is an interesting diversion. The hon. member for Essex East does not like this reading from the dialogue that occurred on television—

Mr. Martin (Essex East): It is not as good as this one.

Mr. Fleming (Eglinton): —and this statement on the part of a rising star of the Liberal party. I accept that statement of Mr. Templeton. I think it may be a franker statement than some we have been accustomed to listen to on the part of hon. gentlemen opposite. The fact is that the Liberal party has now chosen as its tactic in the hope of improving its political fortunes either to create or to sow in the minds of the public the idea that a recession is coming or that a recession has come. It is now a party with a definite recession complex.

Because they are eager partisans it is perfectly clear now that they seek to persuade the people of this country that another recession is on the way. For lack of facts anything does, even emanations from the Martin bureau of statistics.

I think it is in the knowledge of hon. members that you can create some of the elements of depression, let us say, some of the effects of depression by creating in the minds of the public the belief that there is a depression. You can have the psychological elements created by that kind of talk, and it does not matter in the minds of hon. members opposite that this hurts Canada, or hurts Canada's interests, as long as it improves the political prospects of the Liberal party.

The whole theme of the speech of the Leader of the Opposition this afternoon was that the Minister of Finance ought to be worrying—

Mr. Martin (Essex East): Hear, Hear.

Mr. Fleming (Eglinton): The echo from Essex East, the hollow echo. The hon. member for Bonavista-Twillingate should not laugh at that.

I hope that as long as I am privileged to hold this portfolio I shall always be prepared to be realistic and look facts in the face. I think that will be evident to any intelligent member who read the budget speeches of 1958 and 1959; but I do not propose to be led into a worried frame of mind by the misleading statements that have been emanating from the benches opposite in the course of this debate. I do not believe that that is a realistic or responsible approach to the economic scene today.

Mr. Pickersgill: Will the minister permit a question?

Mr. Fleming (Eglinton): With pleasure.

Mr. Pickersgill: Does the minister really think that the Canadian public is so easily misled as he suggests?

Mr. Fleming (Eglinton): I certainly believe that the Canadian public is not as easily misled as hon. members opposite seem to think.

Mr. Pickersgill: Why is the minister worried, then?

Mr. Fleming (Eglinton): I just pointed out that I did not intend to be worried by the misleading statements that have come from hon. members opposite, and I reject the invitation that I received this afternoon from the Leader of the Opposition to be a worried man.

Having made those restrained comments on the thoroughly irresponsible attitude taken by the Leader of the Opposition and other hon. members about him, let me point out some of the things that have been said by hon. members opposite in the course of their comments from over a period of time with a view to creating the impression that things are worse than they are, much worse. Do I need to remind hon. members opposite of the course of events from the budget speech in June, 1958 until the budget speech of April, 1959.

In that budget speech of 1958 I indicated that I thought the deficit was going to be $648 million. That was increased to $650 million, by some tax changes that were made when the bills were before the house and I indicated later in the session, by reason of some additional commitments that were then approved by parliament, that I expected the deficit would amount to some $700 million. But that was not enough for hon. members opposite. So they went out and said, "This is a billion dollar deficit". If a billion dollar deficit in fact could have done harm in this country, in disturbing confidence or for any other reason, hon. members opposite would have created that same harm in Canada by their assertions up hill and down dale throughout this country that the deficit was going to be $1 billion or more than $1 billion.

Mr. Pickersgill: What was the cash deficit?

Mr. Fleming (Eglinton): The deficit—

Mr. Pickersgill: The cash deficit?

Mr. Fleming (Eglinton): We are talking about the deficit.

Mr. Pickersgill: You are always talking about something else.

Mr. Fleming (Eglinton): We are talking about the deficit. It was the deficit that the Leader of the Opposition was talking about when he was making misleading statements on this very subject.

It may be of interest to hon. members to recall some of the statements that were made by the Leader of the Opposition in that respect. On October 6, 1958, he was quoted in the Winnipeg *Free Press* as having said at Regina—do I hear the hon. member for Bonavista-Twillingate take exception to the reading from this newspaper?

Mr. Pickersgill: Just another hallucination on the part of the minister.

Mr. Fleming (Eglinton): Did he take objection to the accuracy of this newspaper?

Mr. Pickersgill: No; it was just another hallucination on the part of the minister.

Mr. Fleming (Eglinton): I just looked for it naturally. This is the extract:

> "The deficit for the current year will be much greater than the $700 million forecast by Finance Minister Donald Fleming. My guess is that it will be close to $1 billion," Mr. Pearson said.

Then, on November 12, 1958, he was quoted in the Toronto *Globe and Mail* as having said in the course of a speech in Toronto:

> We are now reaping the whirlwind of a $1 billion deficit.

That is the sort of thing they were going about in their irresponsible way and saying in the course of the year 1958. It must have galled them greatly when the accounts were complete for 1958-59 and it transpired that the budget deficit was $609 million and not

the $1 billion that they had been talking about. It must have been a disappointment to them.

Then, Mr. Speaker, we move on to 1959. You will, I am sure, not need to be reminded of their gloomy attitude toward the budget at that time. I think hon. members may well test the accuracy of hon. members opposite in their gloomy forecasts today by the touchstone of what they said last year with reference to last year's budget. It will be remembered that at that time, namely, April, 1959, I estimated a budget deficit for the fiscal year 1959-60 of $393 million. It recently transpired that the budget deficit was $405.6 million. I will come back later to this matter of accuracy in that respect.

But hon. members opposite were not satisfied with this; they were not satisfied at the time. They said the deficit was going to be much greater; that I had overestimated revenues; that I had taken much too optimistic a view of the economic outlook and so they said it was going to be much worse. There is the actual fact. They carried this game on all through the year. Here is my distinguished predecessor, Mr. Walter Harris, speaking quite recently. The house will recall the quotation which was read here last Friday by the hon. member for Grey-Bruce (Mr. Winkler) where Mr. Harris said just a month ago that "the deficit may well be $600 million." This, of course, is 50 per cent out and it just shows how far Liberals can err in their estimates when they have not the benefit of the advice of the experts that the hon. member for Kenora-Rainy River indicated he would fly to if he had the opportunity.

Then this afternoon we were treated to a most harrowing tale of an imminent recession by the Leader of the Opposition. He must have sent the chills up and down our spines as he pictured the horrors of this recession. It is quite clear that the Leader of the Opposition just cannot wait for the next recession to come. He is talking of it now and if he can bring it on by his talk he is certainly going to do it. He has exaggerated unemployment, just as hon. members opposite have been doing this long time, and he has created gloom so thick that he has lost his own way in it now. He is simply groping about in gloom of his own creation. There is a couplet, Mr. Speaker, from a hymn that I am sure the Leader of the Opposition must remember.

> Take up the torch and wave it wide,
> The torch that lights time's thickest gloom.

I commend that to the Leader of the Opposition. I hope the next time he undertakes to sing he will sing that hymn. It is No. 384 in the hymnary of the United Church.

Mr. Pickersgill: Would the minister quote the next two lines?

Mr. Fleming (Eglinton): No, but I can quote from another hymn that speaks about "the encircling gloom". The Liberals were wrong in 1957; they were wrong in 1958; they were wrong in 1959; and they are wrong again now in 1960.

Mr. Robichaud: And so are you.

Mr. Fleming (Eglinton): The Leader of the Opposition was so anxious this afternoon to get everybody talking recession with him that he was in effect asking the Minister of Finance what preparations he was making for the next recession. The best preparation that can be made for the next recession is to continue the present government in office. That is the surest guarantee of avoiding a recession. I will say this to the Leader of the Opposition, that we will not find this country in the position in which it was in 1957 when the recession induced by the Liberals at that time came upon the country.

Mr. Pickersgill: We certainly will not.

Mr. Fleming (Eglinton): In one respect we can be thankful that the financial position of the government will be very much better and I mention it in passing in view of what has been said about the conversion loan by the hon. but not too well instructed members opposite. The average debt of this country will not be maturing nearly so soon, thanks to the conversion loan, as it was when we came into office in 1957.

Mr. Pickersgill: It was also being paid off when you came into office.

Mr. Fleming (Eglinton): I come now to another subject that interests me very much, the subject of accuracy in estimating. I noted with not less than passing interest this afternoon a remark made by the Leader of the Opposition. He said: "If the minister is as far out this year as he was last year his surplus will quickly melt into a deficit". That is quite a remarkable statement to come from the hon. gentleman. It perhaps is an echo of the statement made by the hon. member for Kenora-Rainy River as found at page 2703 of *Hansard*. Referring to myself he said:

> Did he get discouraged from the poor estimating that was done last year?

Let us examine the estimating that was done last year in the light of the figures as we have them at the present time. They are not complete, but they are estimates that were made as of the last week of March. I have reminded the house that the deficit estimated by me in the budget of April, 1959 was $393 million. It proved to be $405.6

million, an increase of $12.6 million or a little less than 3 per cent over the estimate.

Is this a departure that indicates inaccuracy in budgeting, that calls for the kind of comment that was made by the Leader of the Opposition this afternoon or the hon. member for Kenora-Rainy River a week ago yesterday? Evidently the Ottawa *Citizen* does not think so, for in an editorial which appeared on March 31, the day that the white paper was tabled in the house, I read the following with reference to the figure of $405.6 million:

> The figure is higher than Mr. Fleming thought it would be when he made his budget forecast last April ($393 million) but it is not far out as these matters are measured.

That is an interesting comment. I ask hon. members opposite to consider what was the estimate and what it was based on. In the budget speech of April 9, 1959 this is what I said about the basis of the estimate, as found at page 2409 of *Hansard*:

> —I shall be basing my budgetary policy and my revenue forecasts on a gross national product of about $34½ billion which is about 7 per cent above the average level achieved in 1958.

Hon. members opposite have been laying great stress on the 7 per cent. They have been saying latterly, "Oh, but the figures now show it was only 6 per cent". I have a comment to make upon that. Let me remind the house that I based my budget estimate on the forecast of a gross national product of $34½ billion. I commented that that was 7 per cent above 1958. We actually reached a figure of about $34.6 billion instead of a figure of $34.5 billion. When the hon. member for Kenora-Rainy River referred to this forecast in speaking in the house a week ago yesterday he did not say anything about the $34.5 billion. He took half the sentence and he chose the half with a view to leaving out the figure. He simply said that I had based the budget forecast on the view that the gross national product in 1959 would show an increase of 7 per cent over 1958. As it turned out we exceeded in gross national product the figure on which I based the budget forecast.

But that turned out to be only an increase of 6 per cent over 1958. And why? When hon. members opposite use this figure they ought to be frank enough or informed enough to tell the whole story and to give it to the house. The fact is that the figure calculated on the 1958 gross national product was advanced during the year by the dominion bureau of statistics. There was a change in the calculation and it was the 1958 figure that was advanced. The 1959 forecast was reached; indeed, it was slightly passed. It was the change of the 1958 figure that accounts for the fact that the increase was only 6 per cent instead of 7 per cent over 1958. That did not affect the forecast, as the figures have shown.

But let me not dwell unduly on that. Let me turn now to what the opposition had to say about the increase in the gross national product for 1959 over 1958 when they were engaged in the budget debate a year ago. Here is the Leader of the Opposition speaking on April 21 last year, as found at page 2912 of *Hansard*. He referred to my forecast of $34.5 billion or a 7 per cent increase and he continued:

> He made no attempt then to justify this optimistic forecast, and he made no attempt to justify it this afternoon. It is a forecast which has been dismissed by many experts, and I will name mine, although he did not name his this afternoon. They include the Canadian tax foundation, the financial editor of the Montreal *Gazette*, and indeed the Canadian chamber of commerce, which in its submission to the government forecast a gross physical output in 1959-60 of approximately 1 per cent, not 7 per cent.

That was the forecast of the Leader of the Opposition and I suggest that his forecast today and his comments on the forecast upon which the 1960 budget is based can well be judged in the light of his errors as revealed a year ago in the budget debate. But his characteristic pessimism in opposition did not end there. He went on to say at page 2913:

> My calculations on this point last year, as stated in my budget speech, were that the minister was too optimistic.

"Too optimistic", that has been their cry. Further down in the paragraph he said:

> He does not give us any basis for his optimism.

I am content to have the 1959 budget forecast judged in the light of events. I do not think you can get any better or more searching test than that. I am quite prepared to have my forecast tested by the facts. I do not think the Leader of the Opposition would wish to have his tested by the facts. He had the temerity this afternoon to say in one of the more extraordinary statements in his speech, that his predictions last year have been borne out by the events.

Mr. Robichaud: Sure, they have.

Mr. Fleming (Eglinton): We will not expect too much from the hon. member for Gloucester (Mr. Robichaud). If 7 per cent and 1 per cent are the same thing to him, I do not think any of us can do very much to help the hon. member. The Leader of the Opposition poured scorn on our forecasts last year, but I think they have been borne out by the facts. Let us not judge these hon. gentlemen opposite by their despondency in these days in opposition. Let us go back

and judge the accuracy of the forecasting and budgeting that has been done for the last three budgets as contrasted with the period when the Liberals were in office. I do not want to take the house back over the whole record, so let us start with the post-war period.

Let us start with the fiscal year 1946-47. In that year, they forecast a deficit of $300 million, and they were just out $674 million in that estimate. There was an error of 22.4 per cent in the revenue forecast and 25.6 per cent on expenditures. I am prepared to make allowances for that year because it was the first full fiscal year of peace. I expect it was a very difficult year in which to make forecasts. I am prepared to make allowances for that year. Let us go on to 1947-48. They forecast a surplus of $190 million and they finished up with $676 million, for a difference of $486 million. In 1948-49 they were out by $107 million; in 1949-50, they were out $47 million; in 1950-51, they were out $196 million. So it goes, on down the line. I do not know whether or not hon. members can stand much more of this. If you want something in the way of a comparison, go back to these figures in past Liberal regimes. You can check the margin of difference between the actual figures and the figures forecast.

If hon. members want more of this I can say that in 1950-51 the difference was $196 million; 1951-52, $218 million; 1952-53, they were close that year, $15 million; 1953-54, $35 million; 1954-55, $156 million; 1955-56, $127 million, and 1956-57, $145 million. Yet they talk about inaccuracies in my budgeting.

The Leader of the Opposition says that if the present minister is as far out this year as he was last year his surplus will quickly melt into a deficit. All I can say is that we have budgeted carefully. We have made the most careful forecasts that we can, and I would not have submitted this budget to the house had I not believed it is an honest, straightforward budget that will stand up to the test of the best estimating possible at the date on which the budget was introduced.

I will come back to say some things about this matter of records. We were told this afternoon by the Leader of the Opposition and we have been told by others, that, after all, this surplus of $12 million that has been forecast is nothing. Apparently it was not even worth announcing in the house in the view of hon. members opposite. The $12 million does not hold the record, even in recent years, for the smallest forecast of a deficit or the smallest forecast of a surplus. I am sure hon. members opposite will be glad to have their faltering memories refreshed if I recall to them that in the fiscal year 1954-55, the last budget of Mr. Abbott, now Mr. Justice Abbott, he forecast a surplus of $4 million. Did hon. members opposite rise in holy horror and say, this is too small; this should not even be announced? No, they came forward then and said it was an honest estimate.

I might just mention in passing what happened that year. Perhaps it was this experience that gave rise to some of the cynical comments by hon. members opposite as to what might happen this year. In place of that forecast surplus of $4 million, at the end of the year there was a Liberal deficit of $152 million.

Some hon. Members: Shame.

Mr. Fleming (Eglinton): This was not the only year in which a small surplus was forecast. In the previous year, 1953-54, the surplus forecast at the time of the budget was $11 million; in 1952-53 it was $9 million forecast in the budget; in 1950-51, $20 million, later changed to $15 million. So let it not be said that this 1960 surplus is the albino of its breed. There are numerous precedents for a forecast of a relatively small surplus.

I may say that the comments by the Leader of the Opposition on the forecast surplus have been interesting. He is reported in a Canadian Press dispatch of April 2 as having said in Toronto that my budget will have to be tested by time. That was a profound statement indeed. I had thought that every budget had to be tested by time. I hope my budget will be tested by time and not by the vagaries, errors and caprices of hon. members opposite.

Before we leave this subject of the derision that they have heaped on this budget surplus of $12 million, let me say this, and I address my comment particularly to the hon. member for Kenora-Rainy River. He wanted to add to the 1959-60 deficit the deficit in the old age security account. It will be interesting to see what the hon. gentleman will say next year in the budget debate when that old age security account shows, as we expect it will, a surplus on next year's operation of perhaps $40 million. I am sure he will be the first to come forward and say, I insist on adding the $40 million to the announced budget surplus, as announced by the Minister of Finance in the white paper.

Mr. Benidickson: Because you have added taxes of millions and millions of dollars last year for this account.

Mr. Fleming (Eglinton): Apparently the hon. member cannot keep his seat. There must be something contagious in that seat over there.

It was his seatmate the hon. member for Bonavista-Twillingate this afternoon, and I suppose these things spread.

We were told this afternoon that there are some surpluses that are good. There is virtue in some surpluses, but not the Conservative kind. We were told that in times past the Conservatives had not approved of surpluses. This is poppycock.

Our quarrel with the surpluses in the days of easy financing in the post-war period before this Liberal induced recession was that they did not budget properly and they did not plan for debt retirement. It was always on a hit and miss basis, and the surpluses were not those for which they budgeted. The budgeting was inaccurate in many of those years. Never once did they set out at the first of the year to make plans for debt retirement. It was always catch as catch can. Never was there any planning in that respect. Having heard the Leader of the Opposition this afternoon talk about orderly debt reduction and say that they look back to orderly debt reduction on the part of the Liberal administration, may I just say this. He is looking back and he is seeing things that just are not there. One can understand why there is nothing for him to look forward to.

Mr. Pickersgill: Will the minister permit a question?

Mr. Fleming (Eglinton): Oh, always.

Mr. Pickersgill: Does the minister really think it is a really terrible thing to pay off a little bit more of the national debt than you thought at the beginning of the year you were going to be able to pay off?

Mr. Fleming (Eglinton): No, but I like to see these things done in an orderly and planned way and not the arrival at surpluses at the end of the year by errors and consequent over-taxation. That was where the over-taxation occurred, namely because the country was not being given proper budgeting.

Mr. Pickersgill: You are taking a billion dollars more than the Liberals took in 1956-57.

Mr. Fleming (Eglinton): Where we are quarrelling with hon. members opposite is that they never planned for any orderly debt reduction at all. They are simply seeing things now that did not occur at all.

I wish to pass on from these agitated and garrulous gentlemen to talk about the subject of muddle. They have been talking lately about the muddle. Unquestionably there is a muddle but it is not where they think it is. The fact is that they are so muddled and befuddled that they think everybody else is muddled and befuddled because they are. This is a psychopathic situation.

Mr. Martin (Essex East): Has the time not come for the minister to discuss the serious business of the nation?

Mr. Fleming (Eglinton): What was that remark?

Mr. Martin (Essex East): I was just saying this to my hon. and dear friend. Does he not think, as Minister of Finance, that the time has come in this house when he should discuss the serious business of the nation?

Mr. Fleming (Eglinton): Mr. Speaker, I have been—

Mr. Speaker: Order. If I might interject here, I should like to say that it seems to me that far too many bright thoughts are being expressed at the wrong time tonight and that it would be better if the house would give to the minister who has the floor the full use of it.

Mr. Fleming (Eglinton): I have been discussing what hon. members opposite have been saying in the course of this debate. By the definition applied by the hon. member for Essex East apparently what they have said was not serious business of the country.

Hon. members opposite have been completely, utterly and hopelessly self-confused. In the course of this debate we have seen on their part confusion thrice confounded. We do not know yet whether these hon. gentlemen advocate today a balanced budget or a deficit. They have all had ample opportunity to speak in the course of this debate. The Leader of the Opposition left us in a complete quandary on this subject at the end of his remarks today. He was on both sides of the question. Indeed, he was on both sides of every question that he allowed himself to touch upon in his remarks today.

It remains an unresolved mystery as to whether the official opposition in this situation believes that the government should budget for a balanced budget or a deficit. To use an expression that was coined by a president of the United States about 50 years ago, to try to get some sense and some clear expression of opinion from the Liberals on this question you might just as well try to nail jelly to the wall. We have witnessed on their part hopeless floundering or else calculated double-talk. We thought the Leader of the Opposition this afternoon was going to come close to saying something. But having reached the point where it seemed that he was coming close, he backed away and went off on a tangent. What did he say? This is what he said this afternoon. He said that today no

government should be afraid of a deficit if related to a plan and not due to un-co-ordinated circumstances.

Mr. Martin (Essex East): That is not all of it; that is not the whole sentence.

Mr. Pickersgill: That is just half the sentence.

Mr. Fleming (Eglinton): That was as much as I was able to take down; and believe me, of the sentence uttered by the Leader of the Opposition, this is much the better part.

Mr. Benidickson: Dishonest as usual.

Mr. Fleming (Eglinton): He said that today no government should be afraid of a deficit. Did he mean to convey the idea that he was advocating a deficit? Is that what he meant?

Mr. Martin (Essex East): He was talking about social need. I am surprised at my hon. friend.

Mr. Speaker: Order.

Mr. Benidickson: He sits in the front pew of a church and then says this kind of thing.

Mr. Speaker: Order. If hon. members have views to express they might at least rise in their places.

Mr. Fleming (Eglinton): The Leader of the Opposition, having permitted himself to say that today no government should be afraid of a deficit—

Mr. Martin (Essex East): Mr. Speaker, I rise on a point of order. You have asked us to rise and I think you are quite right in giving that direction. This is the third time in the last half minute the Minister of Finance has misquoted the statement of the Leader of the Opposition. The Leader of the Opposision related deficit to the problem of social need—

Mr. Pickersgill: And depression.

Mr. Martin (Essex East): —and the possibility of depression and further recession. The Minister of Finance has misquoted the words of the Leader of the Opposition in a shameful manner.

Mr. Speaker: Perhaps the correction might more appropriately have been made at the end of the minister's speech. Will the minister proceed?

Mr. Fleming (Eglinton): I think the house will have taken note—and everybody is glad to see it—that the hon. member for Essex East is laughing and snickering at himself now. He does not laugh at his interventions half as much as do the rest of us in this house.

I compliment the hon. member for Essex East on having greatly improved the speech made this afternoon in this respect by the Leader of the Opposition. That is what the Leader of the Opposition said this afternoon about a deficit.

Mr. Martin (Essex East): He did not say that.

Mr. Fleming (Eglinton): I have his words here. I trust my note of them much better than I trust the failing memory of the hon. member for Essex East unless he was the man who wrote the speech of the Leader of the Opposition. He said that today no government should be afraid of a deficit—

Mr. Pickersgill: That is half of the sentence and the minister knows it.

Mr. Fleming (Eglinton): Here is the rest of it; if related to a plan and not due to un-co-ordinated something or other.

Mr. Pickersgill: That is not correct. This is a thoroughly dishonest performance.

Mr. Speaker: Order.

Some hon. Members: Withdraw.

Mr. Speaker: Order. I know the hon. member for Bonavista-Twillingate would be the first to object to an interjection of that kind and I hope he will make the proper correction.

Mr. Pickersgill: Mr. Speaker, I quite deliberately said that was a thoroughly dishonest performance and it is my opinion that it was a thoroughly dishonest performance. I listened carefully to what the Leader of the Opposition said. What he said was that if we had a real depression, a government should not be afraid of a deficit. If the Minister of Finance was not listening carefully he should not quote half a sentence. I give the minister credit for not having been deliberately misquoting the Leader of the Opposition because he has said that he did not hear it all. But when he says he did not hear it all it seems to me it is a dishonest performance to treat it as though it were a full sentence.

An hon. Member: Withdraw.

Mr. Speaker: I am not sure whether I understood the hon. member. I thought he began by withdrawing the words "dishonest performance" because in my view "dishonest performance" means a deliberately untrue statement. The hon. member knows that it is not permissible, within the standards of debate which we set for ourselves, to impute deliberate untruth and dishonesty to another hon. member.

Mr. Pickersgill: Mr. Speaker, I think you will agree I have always respected your rulings. If there is any imputation that I suggested that the Minister of Finance was deliberately dishonest—although I think he was carelessly dishonest—if the word "dishonest" should not be used I will say he was shockingly misleading.

Mr. Fleming (Eglinton): Mr. Speaker, I ask for an unconditional withdrawal of the word "dishonest".

Mr. Speaker: I understand the hon. member for Bonavista-Twillingate has unreservedly withdrawn the word "dishonest".

Mr. Pickersgill: Yes, quite; I have unreservedly withdrawn the word "dishonest".

Mr. Fleming (Eglinton): Then we are making progress, Mr. Speaker. I wonder how much more the hon. member feels like withdrawing.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. If hon. members would allow the minister to proceed I am sure the debate would be more progressive.

Mr. Martin (Essex East): The minister should not provoke us.

Mr. Fleming (Eglinton): I am sorry to be provoking to the hon. member. Believe me, nothing is further from my thoughts than that I should be provoking to the hon. member for Essex East.

In asking ourselves about this muddle on the part of hon. members opposite and where they stand on the question of a deficit or a balanced budget, I recall that in 1958 they attacked our planned deficit. In 1959 they attacked our planned deficit. In 1960 they went back and re-attacked the deficits we had had in 1958 and 1959. And now also, Mr. Speaker, in 1960 they have attacked our balanced budget for 1960-61. Where is the sense in all of this and where is the consistency? These hon. members are in a muddle and are just wildly attacking everything which the government puts forward; that is the explanation.

Here again I recall what the Leader of the Opposition said in his Toronto speech of April 2. This Canadian Press dispatch says:

> While admitting the government's balanced budget might be all to the good—

Did we hear him say that this afternoon? Did we hear him say that the government's balanced budget might be all to the good? No, Mr. Speaker; no one opposite has even admitted that this balanced budget might be all to the good. I have marvelled at some parliamentary performances, but I think Houdini in his best and palmiest days might well have envied this rubber-jointed, double-jointed performance on the part of sleight of hand artists opposite.

Mr. Benidickson: What are you reading from?

Mr. Fleming (Eglinton): Something you would not understand; it is plain English. It is because they are in this horrible muddle and do not know where they are going that they keep on contradicting themselves.

I spoke of their position in times past. In 1958 they were advocating or having good words to say about the idea of budget deficits. On January 19, 1959, as reported on page 35 of *Hansard*, the Leader of the Opposition said:

> The previous administration did not hesitate to budget for a deficit when there was a threat of recession.

Apparently it was all right for them to do it, but it was not all right for us to budget for a deficit in 1958 and 1959, coping in the first year with recession and in the second year with the continuing effects.

I will defend, as I have defended before, the measures that led us into deficit financing in 1958 and 1959. We coped with that recession and spent money to increase the social security payments in this country, and in that way we increased consumer purchasing. We spent a good deal of money to stimulate housing, and not only helped the housing situation but as well reduced unemployment very greatly. We increased our expenditure on public works and provided employment in that way, and we went down the line in that way to put forward constructive measures to help the country out of the recession.

Mr. Benidickson: And into more unemployment than last year.

Mr. Fleming (Eglinton): The hon. member for Kenora-Rainy River cannot stop.

The Liberal party is not at one on this subject because the Liberal leader in the province of Nova Scotia has had something to say about our deficits in the years 1958 and 1959.

Mr. Pickersgill: Tell us about Mr. Roblin.

Mr. Fleming (Eglinton): If you do not mind, may I make my speech and talk of the former Liberal premier of Nova Scotia, Mr. Henry Hicks. I hope the hon. member for Bonavista-Twillingate is not above hearing what Mr. Hicks has to say.

Mr. Pickersgill: Is it about federal affairs?

Mr. Fleming (Eglinton): On page 55 of a booklet issued by Mount Allison University, publication No. 4 on Canadian politics, which booklet contains speeches delivered at Mount

Allison summer institute last August, this statement is attributed to Mr. Henry Hicks:

> Furthermore, whatever view we may have as to the financial policies of the present government of Canada, I do not believe that as a matter of practical politics the huge deficits of the past two years will be counted against the Diefenbaker government at all.

We heard something said this afternoon about quotations from the white paper, but there is one which has missed the attention of the Leader of the Opposition. If he will look at the top of page 40 of the white paper he will see the results of the past six years. If he will put the present year alongside, leaving out the year 1957-58 in which the two parties shared power, it will be seen that the last three years of the Liberal regime showed two deficits and one surplus. The Conservative administration in three years has shown two deficits and one surplus.

Mr. Pickersgill: Anything more misleading than that—

Mr. Fleming (Eglinton): There he goes again. It is too bad; he just cannot help it.

I have spoken, and I will remind hon. members, about the difficulties of the situation we have to contend with, and how we were prepared, in order to help out the provinces and the municipalities, to weaken our own fiscal position in order to help theirs.

Mr. Pickersgill: You sent up the interest rates.

Mr. Benidickson: That is the biggest laugh.

Mr. Fleming (Eglinton): Hon. members opposite would not recognize a serious statement, I am sure. We incurred two deficits and now the budget is balanced, but some apparently want a deficit again. They have been busy all this year attributing what they call tight money and high interest rates to the deficit and blaming the government for it. Now they attack the balanced budget. Is it because of their own reasoning that they seem to want to have what they have called tight money and high interest rates? We of the government do not. We have here firm and constructive measures in this budget to bring about a balance so that that situation may be firmly met.

We have heard many things said today about the premium on the Canadian dollar. It is regrettable that memories on the other side of the house are so short. The Leader of the Opposition talked about this subject and reached the point of saying that apparently it could only be dealt with by over-all control measures. But he was not advocating that. What was he advocating? We are left wondering again.

On this subject let me quote the remarks of Liberal ministers in the days of the Liberal regime and test what is being said now by hon. members opposite and some Liberals outside the house. Mr. Walter Gordon talked in Toronto about the devaluation of the dollar, calling on the government to devalue the dollar. Apparently that hon. gentleman, a royal commissioner of a few years ago but now evidently on the hustings for the Liberal party, has forgotten things which were said under more responsible circumstances by Liberal ministers. This is what Mr. Harris said in his budget speech of April 5, 1955, as reported on page 2729 of *Hansard*:

> There has been no change in the policy of the government to allow the rate of exchange to be determined by the sum total of the forces operating in the exchange market, including of course the influence of fiscal and monetary conditions. The resources of the exchange fund are not used to reverse persistent trends but only to contribute to orderly conditions by limiting excessive short-run movements in either direction which might otherwise occur.

Mr. Abbott in one of the last speeches he made in this house as reported at page 6545 of *Hansard* of June 23, 1954, said:

> I am not one of those who believe in the competitive depreciation of currencies.

And further:

> I do not believe that any action which the Canadian government might take to put a fixed exchange value on the Canadian dollar could possibly be successful without pretty drastic exchange controls. I for one would not be prepared to recommend at this time a return to that form of control.

Mr. Howe, as reported at page 448 of *Hansard* of November 30, 1953, stated:

> The fact that the exchange rate has remained strong is, I suggest, evidence that confidence in Canada has not been at all impaired by the change in the current account position from a surplus to a deficit. It is not unusual for a country in Canada's position—prosperous and building up its productive capacity at a rapid rate—to experience a moderate deficit on current account, financed by a net import of capital.

Why did not the Leader of the Opposition quote that?

Mr. Pickersgill: He agreed with that; he said the same thing.

Mr. Fleming (Eglinton): Why did not hon. members opposite quote this a few weeks ago when they were railing about a balance of payments deficit?

Let me pass on as quickly as I can to say this of the balanced budget, that it is the fruit of planned policy. The hon. member for Kenora-Rainy River talked about a long series of un-co-ordinated decisions. It is too bad that the hon. gentleman had not been better acquainted with the facts because this

balanced budget is the outcome of co-ordinated decision and planned policy over a period of time. We have followed a consistent policy. The program adopted from time to time has been flexible to meet changing conditions, but this has been a goal and it has now been attained.

Mr. Pickersgill: Would the minister permit a question at this point. Would the minister say whether this government two years ago deliberately planned to increase the debt of this country by over $2 billion?

Mr. Fleming (Eglinton): Mr. Speaker, the hon. gentleman knows the answer to that question before he asks it. He knows very well, if he will be frank with the house and with himself, that he has no basis today for quarreling with fiscal policies enunciated in the budget of 1958, or those enunciated in the budget of 1959, or those enunciated in the budget of 1960.

Mr. Pickersgill: Why not answer the question?

Mr. Benidickson: You steered away from the question.

Mr. Fleming (Eglinton): I dealt at some length with the subject of debt in my budget speech and I will commend to hon. members opposite both the table that I put on the record of the house in this respect and the comments I made upon it. I pointed out that as a percentage of the gross national product of this country the net debt of Canada in 1960 is with the exception of the year 1958 the lowest in the country's history.

Mr. Cardin: Now answer the question.

Mr. Pickersgill: Rubbish.

Mr. Fleming (Eglinton): This, happens to be the fact and the comment of the hon. member for Bonavista-Twillingate is a comment on the fact because I have given the house the fact. There is the fact.

Mr. Pickersgill: Why not answer my question? It is simple.

Mr. Fleming (Eglinton): It is interesting to see that in the view of the hon. member for Bonavista-Twillingate parliamentary debate has now become a matter of dialogue. I presume that if he is entitled to carry on a dialogue with me he is entitled to do so with anybody in the house. I presume that the rules of the house have been bent to accommodate the hon. gentleman and his insatiable love of hearing his own voice.

Mr. Benidickson: You would not answer the question.

Mr. Pickersgill: I cannot compete with the minister in that field.

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): There, he is at it again. He has been talking incessantly.

Mr. Speaker: Order. I should intervene at this point. The minister is complaining about interruptions. Undoubtedly there has been a great deal of interruption from both sides of the house and I cannot say that the minister who has the floor is himself entirely blameless. Some of the things he has said have perhaps inspired some of the interruptions. However, that does not excuse hon. gentlemen.

One practice which is developing which I think should definitely be cured if we are to maintain an orderly and dignified debate is the practice of hon. members speaking from their seats. If hon. members wish to raise points of order or questions of privilege the least they can do is rise and secure the floor. It is intolerable to have four or five different interrupters speaking from their seats at one time. It renders the debate impossible.

Mr. Fleming (Eglinton): Mr. Speaker, I come now to make just a brief comment on the subject of balance of payments. I shall deal with it briefly because I discussed this subject at considerable length in the budget speech. The Leader of the Opposition this afternoon appeared at one stage of his remarks to say that his chief criticism was somehow or other related to this subject and then he trailed off into vagueness again and no one could keep up with his thought.

I suggest that it is high time for the Leader of the Opposition to come out and say whether we should take the kind of measures that would have to be taken to prevent the importation of capital into this country. At a time when he is talking about unemployment let the hon. gentleman not indulge in these vague statements but let him come out and be specific and straightforward and tell us what he has to say about this subject instead of being on both sides of this subject as on all others.

The Liberals were not even aware of the existence of this problem until they pounced upon a passage in the annual report of the governor of the Bank of Canada. I repeat, they were not even aware of it. Now they have seized on that and have tried to make a political issue out of it. Let me say very briefly to them on this subject that the government is meeting this problem by sound fiscal and trade policies reflected in the balanced budget and in the handsome increase in our export trade.

Hon. gentlemen opposite have had a great deal to say about unemployment, and I have been chided because I did not discuss this subject at length in the budget speech. It is

evident that hon. gentlemen opposite like long budget speeches. I was trying very hard to shorten the budget speech this year after the long ones of 1958 and 1959. Let me now comment on this subject.

What hon. members opposite have had to say on this subject has throughout this entire session been characterized by gross exaggeration. Here is a statement made by the Leader of the Opposition. Can you imagine anything more irresponsible than what he is reported to have said in Toronto on April 2, as quoted in a Canadian Press dispatch:

> We're not going to rejoice over a balanced budget when we have 800,000 unemployed.

The Leader of the Opposition ought to know that we have not 800,000 unemployed in this country. When he was talking this afternoon about the figure of unplaced applicants he knows perfectly well that is not a figure of unemployed in this country. He and the hon. member for Essex East in bandying these figures about and using them in this misleading way reflect no credit upon themselves in my opinion.

Mr. Martin (Essex East): Mr. Speaker, I rise on a point of order. My hon. friend has said I used figures in a misleading way. Is the hon. gentleman not aware that on March 22 he used exactly the same standard when he talked about unemployment. The figure used by the Leader of the Opposition—

Mr. Speaker: Order. The hon. member, I take it, is endeavouring to correct what he considers to be a misleading impression given by the hon. gentleman who has the floor. If so, he should defer it to the end of the address, if he takes issue with what has been said, otherwise he must raise a point of order and he has not done so.

Mr. Martin (Essex East): No hon. gentleman, I say with great respect, has the right to say that one hon. member has misled the house, as the hon. gentleman said I had and as he has suggested the Leader of the Opposition had. I was simply saying in defence of the position I took that we were using the same figures—

Mr. Speaker: Order. I have no doubt that the allegation that an hon. member has misled the house is offensive and certainly our rules are against offensive language, but it has been a practice that is well established that unless there is more than a simple statement that a member has been misleading, it is not regarded as being unparliamentary.

Mr. Fleming (Eglinton): The figure of unplaced applicants, as every hon. member in this house ought to know, is not the figure of unemployed in this country. I did not ignore—

Mr. Pickersgill: Will the minister permit a question about this?

Mr. Fleming (Eglinton): No. I did not ignore this subject in the budget speech. I expressed my belief in an early improvement in the unemployment problem, and I still do. I believe that the policies that have been reflected in this budget will aid substantially in improving the problem of unemployment in this country.

I have something to say as well on the subject of trade. In this situation we have had desultory remarks on this subject, jibes from hon. members opposite, not all confined to the budget debate, but appearing from time to time in the course of questions on the orders of the day and in other passages which might, I should have thought, have been better put forward in straightforward speeches if those were matters of conviction on their part.

I am not going to repeat what I said in the budget speech about the tariff proposals; I simply draw attention to the fact that when we have heard talk in this house about trade questions we have heard double-talk on the part of the hon. members opposite. One member of the opposition rose and posed as an apostle of free trade, and a seatmate or someone near him from the ranks of the same party rose and posed as an apostle of protection and high tariff. This is not new.

Mr. Pickersgill: I am raising a point of order, Mr. Speaker. Your Honour will recall that at the time the hon. member for Kenora-Rainy River made his amendment some objection was taken by the Minister of Finance to certain parts of it and certain parts were removed at the direction of the Chair. It would appear to me that anything that was not the subject of the amendment could not be the subject of debate. The Minister of Finance is clearly here seeking to revive a debate on a subject on which the house made a decision on a motion to go into supply. I do not think he should be allowed to proceed on this line, in view of the fact that we were stopped.

Mr. Fleming (Eglinton): The hon. gentleman, of course, has forgotten that the budget does contain some proposals with respect to customs tariff and proposals that do affect trade. The hon. member has just revealed the condition of confusion to which I was going to point in the evidence that I was about to adduce. Perhaps it is not necessary now; the hon. member has proved my point.

Mr. Speaker: The minister does propose to continue to discuss the matter of trade?

Mr. Fleming (Eglinton): Yes, I have something to say on the subject.

Mr. Speaker: Then we shall deal with the point of order. It is quite true that the formal amendment was amended in two particulars: one, to remove the item as stated by the hon. member for Bonavista-Twillingate, but the debate itself has not been restrained either in that or in any other way. Perhaps it is an inconsistency in our practice, but the amendment was corrected so as not to put the house in the untenable position of having an amendment on a matter on which it had already voted.

I have not sought to restrain the debate itself. In fact the minister, when he made his budget speech, discussed these same matters. I have not attempted to restrain any others. I hope the hon. member will accept it as a condition of debate that is not strictly logical, having regard to what was done with the amendment.

Mr. Pickersgill: I accept willingly, sir.

Mr. Fleming (Eglinton): The hon. member is most gracious.

I have reminded the house of the resolutions that relate to tariff proposals and how they affect the textile trade in certain regards. This leads me to make a comment concerning our trade relations with Japan. Attempts have been made on the part of hon. members opposite, not in a very straightforward way, more by stealth than otherwise, to make a political football out of this question. Let me make it as clear as I can that we in the government will do all we reasonably can to avoid matters pertaining to Japanese trade becoming a political football in this country.

Our relations with Japan are very friendly. We desire a valuable two-way commercial relationship in our trade with Japan. I pointed out before that our desire is for trade growth on an orderly basis. Orderly growth is the feature of the trade policy we pursue with respect to Japan. Our position in this respect has been brutally misrepresented, particularly in western Canada. Papers like the Winnipeg *Free Press* and the Saskatoon *Star-Phoenix* have been seeking to mislead western Canada into thinking that the policy of the federal government is somehow going to hurt the Japanese market for Canadian wheat and other products. There is not and there never was any foundation in fact for that attempt to mislead the people of western Canada. This has been misrepresentation.

I can cite some facts in this regard and I shall do so; but let me first of all comment on the fact that export quotas are applied by Japan with respect to shipments of certain commodities to Canada. Where did the system of export quotas originate, and when? Let us have an end to the double-talk from hon. members opposite. Those quotas originated in the time of the Liberal government in this country. The quota on cotton blouses and sportshirts was applied January 1, 1956; the quota on cotton fabrics, on April 1, 1956; the quota on cotton damask table cloths applied September 1, 1956; the quota on cotton coats and slacks, February 1, 1957; the quota on cotton knitted wear, February 1, 1957; the quota on cotton pillow cases, February 1, 1957. Now, when we are negotiating the application of quotas for 1960 on this and on spun rayon and other products you would think we were throwing to the winds all concern for the export markets of western Canada in Japan. Did you ever hear anything more hypocritical than hon. members opposite who were the authors of most of the system of export quotas applied by Japan in its shipments to Canada? The story does not end there.

The trade of these two countries is carried on in pursuance of an agreement that was entered into between these two countries in 1954. I do not need to remind you what party was in power in Canada in 1954. I may remind you that the Japanese trade treaty was fully supported by the Conservative party in this house in the debate on this measure in 1954. That trade agreement was accompanied by an exchange of letters, and a letter written on March 31, 1954 to the ambassador of Japan to Canada contains this statement:

> On the occasion of signing the agreement on commerce between Canada and Japan, I have the honour to inform Your Excellency that the government of Canada reserves the right to establish values for ordinary and special duty purposes in the following terms:
>
> 1. If, as a result of unforeseen developments and of the effect of the obligations incurred by Canada under the aforesaid agreement, any product is being imported into its territory in such increased quantities and under such conditions as to cause or threaten serious injury to the domestic producers in its territory of like or directly competitive products, Canada will be free, in respect of such product, and to the extent and for such a time as may be necessary to prevent or remedy such injury, to establish values for ordinary and special duty purposes.
>
> 2. In determining whether values should be established in respect of any product pursuant to paragraph 1 and in determining the level at which such values should be established, Canada will take into account the prices of like or directly competitive products, if any, being imported at that time from other countries.
>
> 3. Before Canada takes action pursuant to paragraph 1, it will give notice in writing to Japan as

far in advance as may be practicable and will afford the latter an opportunity to consult with it in respect of the proposed action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph 1 may be taken provisionally without prior consultation, on the condition that consultation shall take place immediately after taking such action.

Perhaps I should read the balance of the letter. There is only a paragraph.

I have the honour to state further that in the view of the government of Canada these provisions are consistent with the general agreement on tariffs and trade and that the government of Canada will regard these provisions as continuing to be applicable in the event that the general agreement on tariffs and trade is applied between Canada and Japan.

That is a letter written on March 31, 1954, a letter that stipulated the right on the part of Canada to apply fixed values for duty, special values for duty, on Japanese imports into Canada where there was a threat of serious injury to domestic producers in Canada as a result of imports in increased quantities. Do you know who signed that letter, Mr. Speaker? Who set up the provision in this regard that gives Canada the right to impose fixed values for duty on imports from Japan under this treaty? Oh, Mr. Speaker, think of it. The name appended to this letter is L. B. Pearson, secretary of state for external affairs.

Mr. Pickersgill: How dramatic.

Mr. Fleming (Eglinton): Will we be treated to more of these questions by hon. members opposite suggestive of their shock and horror at the idea of our negotiating in a friendly way agreed export quotas to be applied by Japan on the shipment of goods to Canada where grave injury is threatened to Canadian competitive producers? I think it is well to remind hon. members opposite that it was they, that it was their leader of this day who wrote into the agreement with Japan a covering letter under which he reserved on the part of the government of Canada the power to apply fixed values for duty in any such circumstances. Is it not time that there was an end to the hypocrisy that we have had to listen to as hon. members opposite have wrung their hands on this subject?

The proof of the pudding is in the eating. Let us look at the facts. Is there anything in the facts that gives warrant to any person in this country to think that the government is losing any of its concern over the export market in Japan for products of western Canada? Let me give very briefly some simple facts in this respect. We have said that there is no foundation for the fears that hon. members are conjuring up about the loss of our export markets in Japan. Here are the figures of Canadian exports to Japan:

Year	Amount
1956	$127,870,000
1957	$139,152,000
1958	$104,891,000
1959	$139,857,000

Are we losing any markets in Japan? Canada's exports to Japan in 1959 were the greatest on record and they are still increasing. Here are the figures for the first two months of 1959 and 1960. In 1959 the figure was $17,250,000 and in 1960 $27,462,000. They are going up by leaps and bounds.

What about all this talk about the loss of our export market in Japan for wheat from the Canadian prairies? Let us ask ourselves if anyone can seriously suggest that there has been any loss or any reason to fear a loss of our export market for wheat in Japan. Here are the figures:

Year	Amount
1956	$56,677,000
1957	$53,673,000
1958	$62,773,000
1959	$69,165,000

Our wheat exports to Japan have been rising steadily since this government came into office.

Mr. Pickersgill: And before.

Mr. Fleming (Eglinton): And they are still going up. Here are the figures for the first two months of 1959 and 1960. In 1959 the figure was $6,792,000 and in 1960, $12,082,000. These figures demonstrate very clearly even to hon. members opposite that our exports to Japan in the first two months of this year were almost double what they were in the first two months of 1959. This government has no lesson to learn from hon. members opposite, the remnant of the Liberal regime of earlier years, in the matter of concern for and determination to preserve and extend Canada's export markets abroad for good Canadian wheat.

The hon. member for Bonavista-Twillingate will be wringing his hands before we are through with the budget bills and resolutions about all the injury that this government, by its fiscal policies, has done to Canada's export trade. He wanted to wring his hands—I said his hands—a couple of years ago about the injury that we were going to do to our export trade to Italy. When we adjusted the tariff very slightly on imported woollen fabrics from Italy in 1959 one would have thought that all doors in Italy would be closed to Canadian exports and particularly exports of codfish. That slight increase in duties became effective on April 10, 1959. Did it result in or was it followed by a cataclysmic drop in our exports to Italy?

Here are the facts, Mr. Speaker. In 1959 total exports to Italy were up about 8 per cent compared with 1958, and increases were general throughout most of the major commodity groups, including agricultural and fisheries products. The value of exports to Italy of codfish—light and heavy salted codfish and frozen codfish blocks, combined—increased from $763,000 in 1958 to $987,000 in 1959 or an increase of 30 per cent. How wrong can a man be?

Mr. Pickersgill: Will the minister permit a question? Has the minister seen the tariff that the common market is proposing to put on codfish, which will have a very deleterious effect on these exports if something is not done about it?

Mr. Fleming (Eglinton): On various occasions in this house the efforts that the present government has made in dealing with this situation have been reported to the house in detail. But I wish to say this to the hon. member, that what is being proposed with regard to the averaging of tariffs on the part of the six in Europe has nothing whatsoever to do with the very slight increase that was applied by Canada in April of 1959 on imported woollen fabrics from Italy, and the figures I have just given the house show how wrong the hon. member for Bonavista-Twillingate was in his gloomy and doleful prognostications.

Mr. Pickersgill: Well, I hope I was.

Mr. Fleming (Eglinton): You were.

Mr. Pickersgill: We will see.

Mr. Fleming (Eglinton): I have little to add to what I have been saying. I shall just remind the house that each year I have given in relation to the proposed changes in the customs tariff what I call a box score on the changes. I have always made it clear that this is not a complete picture of the effect of the changes, but it is interesting as one test when we are pictured as voracious high protectionists who are not the least bit concerned about Canada's export markets.

I point to the fact that Canada's export trade under this government in 1959 reached an all time record. Here is the box score on tariff changes. In 1958 there were 17 increases, 46 decreases and 64 others that are of a mixed nature that perhaps do not lend themselves to simple classification. In 1959 there were 32 increases, 40 decreases and 70 other formal changes of a mixed nature. In 1960 there were 16 increases, 38 decreases and 69 formal changes of a mixed nature. The composite box score for the three budgets is 65 increases, 124 decreases and 203 formal changes of a mixed nature.

Mr. Benidickson: What does that mean?

Mr. Fleming (Eglinton): It just gives the answer to the nonsense or exposes the nonsense talked by hon. members opposite.

I have made no apology for what I have said to the house concerning the reasons for confidence in the Canadian outlook. I do not share at all the gloomy statements which were made this afternoon by the Leader of the Opposition. He did not give a fair, a balanced picture in what he said about our current accounts balance of payments.

As I tried to follow him this afternoon I think he was speaking about 1956, and he said the balance against us was $1.2 billion. He left the impression, as I understood his remarks, that this applied to all transactions and he said that today the balance of payments deficit was increasing. However, if I correctly apprehended his remarks, the Leader of the Opposition is quite wrong. Let me give him the figures for 1956 in relation to our current balance of payments deficit with the United States. In 1956, the last full calendar year of Liberal rule, the deficit in our merchandise trade with the United States was $1,167 million; our deficit on non-merchandise items was $472 million in that year; our deficit on both accounts with the United States was $1,639 million. He left the impression that this condition was growing worse, so I lay alongside those figures the figures for 1959 in relation to our balance of payments with the United States. In 1959 the merchandise balance deficit was $518 million and the non-merchandise deficit totalled $718 million, a total of $1,236 million. This represents an improvement by way of reduction in the deficit in our commercial relations with the United States between those two years of $403 million. This just accidentally escaped the attention of the Leader of the Opposition.

In so far as the extraordinary statements he made this afternoon about the actions of the Bank of Canada in relation to the purchase and sale of bonds are concerned, either the Leader of the Opposition did not understand the situation at all or he was proceeding on quite erroneous information. I do not direct the operations of the Bank of Canada in relation to its purchases and sales of bonds. The Minister of Finance has no authority to do that. The bank reaches its own decisions in that respect. Indeed, while they may occasionally acquaint the minister with what they are doing in that respect or what they are aiming to do, they do not consult him in relation to their own decisions in this respect. He has no authority over them in that regard. When reference is made to the fact that the Bank of Canada has been selling long term bonds, then apparently the Leader of the

Opposition is not aware that this has the effect of increasing the yields of long term bonds and widening the spread between long term and short term interest rates; that this, in turn, has the effect of stimulating saving by giving more incentive to investors to hold long term bonds. In its operations, I think the Bank of Canada has been proceeding in a way very different from that described to the house this afternoon by the Leader of the Opposition.

In my concluding remarks, let me say this: There is a sound basis for confidence in Canada today. All the gloom that the Leader of the Opposition and his associates are creating, if people would listen to them, is not going to change the facts and these are facts that give reason for solid confidence in Canada.

Let me remind the house very quickly that, in the first place, inflation has been contained. As I said in the budget speech, many of the inflationary factors are quiescent. We cannot rest on our laurels, however. We have to be vigilant in this respect at all times. It is well, however, to proceed on facts, not on errors, as hon. members opposite have been doing. They would have you believe that we have not been successful in our efforts to grapple with inflation.

Here are the figures. The consumer price index in January, 1959, was 126.1 and in March, 1960, 126.9. Does that sound as though things got out of hand in 1959? Here is what the Leader of the Opposition said a year ago in his doleful prophecy about inflation. According to page 2914 of *Hansard* for April 21, 1959, he said this:

> This year there should be less, but still serious, unemployment and a greater danger of inflation.

How wrong can he be? Here are the figures for the general index of wholesale prices. In January, 1959, it was 229.7 and in March, 1960, 229.6. Does that sound as though inflation got out of hand in 1959? These are the facts, and the incontestable facts.

Next, in speaking of trade, I have pointed to the fact that in 1959 Canada's export trade reached an all time record of $5.2 billion, and the rapid increase has continued in 1960. In the first two months of 1960 domestic exports of this country reached a total of $832 million as compared with $655 million in the same two months a year ago. This represents an increase of approximately one third in our exports in the first two months of this year over the first two months of last year. What shall we say of the hon. member for Essex East who, according to the press, used this expression in Montreal on April 6: "The stagnation in Canada's export trade". We have apparently an all time record, with rapid increases, but to the hon. member for Essex East this means stagnation.

Hon. members are now aware of the decision that was announced last week in relation to the export of gas and what this is going to mean in terms of the expansion of the Canadian economy and again in contributing to a better balance in our commercial relations with the United States.

Mr. Benidickson: Two years too late.

Mr. Fleming (Eglinton): This decision was reached after having satisfied ourselves by an exhaustive inquiry that the needs of Canadians would first be assured.

Mr. Pickersgill: After having satisfied yourself that C. D. Howe was right.

Mr. Fleming (Eglinton): The last point to which I have time to refer is the fact that benefits have already accrued to the Canadian economy from this balanced budget. The fact is that it has brought renewed confidence to the Canadian people and to the Canadian economy. In the budget speech I said that it is going to make it easier for the provinces, the municipalities and business to borrow in Canada because the federal government will be largely withdrawing from the role of a net borrower. Already benefits have been experienced in this regard. One has only to look at the reception accorded to a recent province of Ontario bond issue at a lower rate of interest than that at which they were borrowing quite recently.

Mr. Benidickson: You promised that two years ago.

Mr. Fleming (Eglinton): You see this renewed confidence expressed in that way. There are other benefits that are going to follow from the budget and from this withdrawal of the federal government from a net borrowing position. There will be less occasion than there was—if indeed there was any justification—for provinces and municipalities to be going to the United States to borrow, with all the dangers in that respect of which I have attempted respectfully to give warning. Already we are seeing benefits in this respect. It is only about a month ago that the premium on the Canadian dollar was five cents. Today it is less than three and a half cents.

Mr. Speaker: Order. It being 9.45 o'clock p.m. it is my duty, pursuant to subsection 5 of standing order 58, to interrupt these proceedings and put forthwith the question on the amendment now before the house.

Division

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

YEAS

Messrs:

Batten
Benidickson
Boivin
Boulanger
Bourget
Bourque
Brassard (Lapointe)
Cardin
Carter
Chevrier
Deschatelets
Dumas
Eudes
Fisher
Forgie
Garland
Godin
Granger
Hellyer
Herridge
Howard
Leduc
Lessard
Loiselle
Macnaughton
McIlraith
Martin (Essex East)
Martin (Timmins)
Meunier
Michaud
Mitchell
Pearson
Peters
Pickersgill
Racine
Ratelle
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rouleau
Tardif
Tucker
Winch—45.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Allmark
Anderson
Asselin
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Best
Bissonnette
Bourbonnais
Bourdages
Brassard (Chicoutimi)
Brooks
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Casselman, Mrs.
Cathers
Chambers
Charlton
Chown
Churchill
Clancy
Coates
Comtois
Cooper
Creaghan
Crouse
Danforth
Deschambault
Diefenbaker
Dinsdale
Dorion
Doucett
Drouin
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Forbes
Fortin
Fraser
Frechette
Fulton
Grafftey
Grenier
Grills
Gundlock
Hales
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Johnson
Jones
Jorgenson
Keays
Kennedy
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
Latour
Legere
Lennard
Letourneau
Macdonald (Kings)
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McGregor
McIntosh
McLennan
McQuillan
Martel
Martineau
Martini
Matthews
Milligan
Monteith (Perth)
Monteith (Verdun)
Montgomery
More
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Nasserden
Nesbitt
Nielsen
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Payne
Pearkes
Pigeon
Pratt
Pugh
Rapp
Regnier
Ricard
Richard (Kamouraska)
Robinson
Rogers
Rompre
Rowe
Rynard
Sevigny
Simpson
Skoreyko
Small
Smallwood
Smith (Calgary South)
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Speakman
Spencer
Stanton
Starr
Stefanson
Stewart
Stinson
Tassé
Thomas
Thompson
Thrasher
Tremblay
Villeneuve
Vivian
Walker
Webb
Webster
Weichel
Winkler
Wratten—176.

It being six minutes after ten o'clock the house adjourned, without question put, until tomorrow at eleven o'clock a.m., pursuant to order made Friday, April 8, 1960.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

RETIREMENT FUND BENEFITS

Question No. 239—**Mr. Argue:**

1. In the past 14 years how many persons in each department or agency of the federal government, upon retirement, have received benefits from the retirement fund?
2. Did any of these persons request to be transferred from the provisions of the retirement fund to those of the Public Service Superannuation Act, and were refused permission as their applications were made subsequent to 1946?
3. If so, how many, and what are the names and addresses of such persons?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. Information not available for past 14 years. Between December 31, 1949 and December 31, 1959 the following number of long service contributors, or their dependants or estates, received benefits from the retirement fund:

Department	No.
Agriculture	15
Citizenship and Immigration	10
Finance	1
National Defence	2
National Revenue	6
Post Office	34
Public Works	2
Transport	2
	72

2. Yes.

3. Name	last known address
Joshua J. Burgess	152 Oakcrest Ave., Toronto, Ont.
Antoine Goguen	Richibucto, N.B.
V. J. Sutherland	217 Sydney Ave., East Kildonan, Man.
R. Cox	41 Colgate Ave., Toronto, Ont.
J. D. Magee	38 Farnham Crescent, Ottawa, Ont.
E. J. Struthers	Stanstead, Que.

In addition requests have been received periodically from staff associations.

C.N.R. ROUNDHOUSE, L'ISLET COUNTY, QUE.

Question No. 263—**Mr. Bourget:**

1. Did the Canadian National Railways sell or lease a roundhouse at Monk station, Tourville, in the county of l'Islet, Quebec?
2. If so, to whom, and what are the terms of the sale or lease?

Answer by: **Hon. George H. Hees (Minister of Transport):**

79951-0—201

Questions

The management of Canadian National Railways advise as follows:—

1. Yes.

2. As a result of dieselization certain land and roundhouse facilities became surplus to needs. Through the efforts of the C.N.R. industrial department an industry was established, which employs about 50 men, by the leasing of the facilities to N. Gagnon and Fils Ltee. The lease dated January 1, 1959, provides an option to purchase the enginehouse only during the period of the lease.

EAST-WEST EXPRESSWAY, MONTREAL—FEDERAL ASSISTANCE

Question No. 323—**Mr. Lessard:**

1. Is the federal government contributing financially to the proposed east-west elevated expressway in the city of Montreal? If so, to what extent?
2. Have negotiations taken place between representatives of the Department of Transport and the city of Montreal in this connection?
3. If so, will the Minister of Transport make a report to the house regarding these negotiations?
4. Are further negotiations contemplated in the near future?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1 and 2. There have been no negotiations with the Department of Transport or any of the agencies reporting to the Minister of Transport in regard to a financial contribution by the federal government to a proposed east-west elevated expressway in the city of Montreal.

3 and 4. Answered by Nos. 1 and 2.

TRANSMISSION LINES, N.B.—FEDERAL PAYMENTS

Question No. 332—**Mr. Robichaud:**

1. Have any sums been paid under the Atlantic Provinces Power Development Act toward the construction of transmission lines in New Brunswick?
2. If so, in what amount and what is the location of such transmission lines for which any such payment has been made?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Yes.

2.

Saint John-Fredericton transmission line	$1,089,000.00
Grand Lake-Newcastle transmission line	219,868.78
Newcastle-Bathurst transmission line	376,143.53
Moncton-N.S. Border transmission line	882,243.74
	$2,567,256.05

*Figures as of March 31, 1960.

Questions

TRANSMISSION LINES, N.S.—FEDERAL PAYMENTS

Question No. 333—**Mr. Robichaud:**

1. Have any sums been paid under the Atlantic Provinces Power Development Act toward the construction of transmission lines in Nova Scotia?
2. If so, in what amount and what is the location of such transmission lines for which any such payment has been made?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Yes.
2. Trenton-Truro transmission line ..... $ 127,679.93
   Truro-Maccan transmission line 616,444.49
   Trenton-Antigonish transmission line 652,000.00
   Interconnection with Nova Scotia Light and Power Co. Ltd. System 82,768.90
   Maccan-N.B. border transmission line 41,082.79
   Antigonish-West Bay transmission line 450,076.58
   West Bay-Hunter's Mountain transmission line .. 13,704.60
   Hunter's Mountain-Tarbot transmission line ..... 252,009 .42
   Sissoboo Hydro-Weymouth Falls transmission line.. 22,138.92

   $2,257,905.63*

*Figures as of March 31, 1960.

HOUSE OF COMMONS

Wednesday, April 13, 1960

The house met at 11 a.m.

AGRICULTURE

DAIRY PRODUCTS—ANNOUNCEMENT OF PRICE SUPPORT PROGRAM

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the government has authorized the agricultural stabilization board to continue the present levels of price support for the dairy industry during the period May 1, 1960 to April 30, 1961.

The price support for butter during the dairy year May 1, 1960 to April 30, 1961 will be 64 cents per pound for Canada first grade creamery butter scoring 40-93, basis delivery Montreal, with appropriate price differentials for other grades and qualities.

The price support for Ontario cheese, Canada first grade waxed, f.o.b. warehouse, will be 32 cents per pound; and for Quebec cheese, Canada first grade waxed, basis delivery Montreal, 31½ cents per pound. In addition, 25 cents per 100 pounds will continue to be paid for whole milk delivered for manufacturing purposes, exclusive of milk from producers who sell a portion of their milk in the fluid, bottled milk market.

During 1959 butter production totalled 324 million pounds, 20 million pounds in excess of the consumption of 304 million pounds, and total stocks of butter as of May 1 will approach 75 million pounds. In view of the potential surplus of butter the agricultural stabilization board is also being authorized to purchase some quantities of whole milk powder as a means of reducing butter production and thereby bring production into a more realistic relationship with consumption. Production of whole milk powder will divert milk from the manufacture of butter and skim milk powder. The total quantity of whole milk powder that will be purchased will depend on the trend of butter production during the year.

The agricultural stabilization board will not purchase any skim milk powder, but the purchase of whole milk powder will not only reduce the potential supply of butter, but will at the same time reduce the amount of skim milk powder manufactured. Ten pounds of whole milk powder is equivalent to approximately 3 pounds of butter and 7.5 pounds of skim milk powder.

During the past two years there has been a progressive decline in butter consumption in Canada, both in total quantity and per capita The Department of Agriculture will therefore undertake a publicity and advertising campaign with a view to stimulating the consumption of butter.

Hon. Paul Martin (Essex East): Mr. Speaker, the statement of the Minister of Agriculture follows, as the house will recall, what now proves to be the wise interrogation the other day of the hon. member for Drummond-Arthabaska, who in effect, has already made the announcement which the minister made today to the thundering applause of his supporters. It is regrettable that the hon. member for Drummond-Arthabaska is away from the house at this time and not able to hear this confirmation of his own wisdom.

Mr. Fleming (Eglinton): Eyewash.

Mr. Martin (Essex East): The Minister of Finance interjects and says this is eyewash. All I can say, after the long speech of the Minister of Finance last night, is that he established himself as the best authority of what is eyewash.

The Minister of Agriculture, in the announcement he has made, has given encouragement to those of us who now hope the government will not go further in repudiating its policy of price support by adopting, as it did in the case of hogs and eggs, the principle of deficiency payments.

Mr. Harkness: There is no repudiation there.

Mr. Martin (Essex East): It is regrettable that the Minister of Agriculture has not taken advantage of the opportunity, before the recess, not only of announcing that present levels on dairy products are to be maintained under the Agricultural Prices Stabilization Act but has not announced the floor prices on some other products. I for one would like to know what the floor price will be on sugar beets, and it is regrettable that corn is not included. In any event, this announcement by the minister will be carefully scrutinized, and we in the Liberal party are very happy over the contribution made by one of our members toward this announcement today.

Mr. Harkness: Mr. Speaker, I think I should correct what appears to be a complete misapprehension on the part of the hon. member for Essex East as a result of this announcement. The announcement is not

what the hon. member for Drummond-Arthabaska stated the other day. The statement he made was exactly the statement which I made a year ago in connection with this matter. This is quite a different statement and has totally different implications, as the hon. member will discover when he studies it.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker on behalf of this group I wish to say that judging from the sustained applause this is the first welcome announcement made by the Minister of Agriculture this session. This group will study the proposal and make certain the applause was justified.

STARRED QUESTIONS

INCOME TAX DEDUCTIONS, HOSPITAL COSTS

Question No. 106—**Mr. Michaud:**

1. Are the basic costs of hospital treatment in a province participating in the Hospital Insurance and Diagnostic Services Act deductible from income for federal income tax purposes?
2. If so, to what extent?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the answers to these two questions are rather involved and technical and contain legal terms. I could read them, but with the consent of the house I would ask that they be printed in *Hansard* rather than attempt to read them at this time.

Mr. Speaker: Does the house unanimously agree that the answers should be printed without being read?

Some hon. Members: Agreed.

[*Editor's note: the answers referred to above are as follows:*]

1. Where, pursuant to section 3 of the Hospital Insurance and Diagnostic Services Act, any agreement entered into by and between a province of Canada and the Minister of National Health and Welfare provides for the payment by Canada to that province of contributions in respect of the basic costs of insured hospital services or treatment incurred by the province, the said basic costs of hospital treatment are not ordinarily deductible for purposes of federal income tax. In the majority of instances the participant is not liable to pay for treatment received or, if he is, he is entitled to reimbursement under the provincial plan. In neither case would the expense incurred be deductible for purposes of federal income tax.

2. Where, however, in any such province as above indicated, additional costs for hospital treatment to cover the difference between the basic costs as prescribed by provincial law (e.g. standard ward care) and, for instance, the cost of semi-private or private ward care, have been incurred and paid by the taxpayer or reimbursed to him pursuant to the provisions of any other hospital treatment plan, the additional costs so incurred are, subject to the provisions of section 27(1)(c) of the Income Tax Act, deductible for the purposes of federal income tax.

Moreover, hospital expenses incurred in the province by a taxpayer who is not a participant in the plan would also be deductible, subject to the provisions of section 27(1)(c) of the Income Tax Act.

UNCONDITIONAL GRANTS TO PROVINCES

Question No. 111—**Mr. Pickersgill:**

1. What is the total amount paid annually to each of the provinces in unconditional payments, apart from payments made under the Federal-Provincial Tax-Sharing Arrangements Act?
2. At what date was each such payment originally made in each province and what is the statutory authority for each such payment?
3. Is a terminal date prescribed for any such payment or payments and, if so, what is the terminal date in each case?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the answer to these involved questions occupies four long pages of single-spaced typing. I do not think it would be practicable to read it particularly as it involves the citations of some dozens of statutes. May I suggest that it be printed in *Hansard* without being read?

I simply offer the observation that I think this raises a serious question as to whether this a suitable question to be made a starred question.

Mr. Speaker: It should have been made an order for return perhaps. Does the house agree to having the answer printed in *Hansard* without being read?

Some hon. Members: Agreed.

[*Editor's note: The answers referred to above are as follows:*]

1. The amount paid each province in fiscal year 1958-59 in unconditional payments, apart from payments made under the Federal-Provincial Tax-Sharing Arrangements Act, is as follows:

Newfoundland	$16,455,115
Prince Edward Island ..	705,758
Nova Scotia	2,516,581
New Brunswick	1,880,738
Quebec	5,582,195
Ontario	5,230,648
Manitoba	2,078,070
Saskatchewan	2,176,117
Alberta	4,490,183
British Columbia	2,737,768

Starred Questions

2. and 3. In the following table the fiscal year in which each payment originally commenced is given as well as the statutory authority under which the payment was made in 1958-59 which is often not the original authority. It has not been possible from the public accounts of Canada to determine with certainty the fiscal year in which Canada began to pay the interest on debt allowance to Nova Scotia and New Brunswick. With respect to the 50 per cent of federal income tax on certain public utilities, the 1958-59 payment was the last authorized by 1 Eliz. II c. 49 (1949) but the payment has been continued by a vote in the Appropriation Act.

N.S.—Not specified.

—	Fiscal Year Original Payment Made	Statutory Authority	Terminal Fiscal Year
1. NEWFOUNDLAND			
(a) For the local purposes of the province and the support of its government and legislature			
—Fixed subsidy	1949-50	13 Geo. VI c. 1 (1949)	N.S.
—per capita subsidy	1949-50	13 Geo. VI c. 1 (1949)	N.S.
(b) Additional subsidy	1949-50	13 Geo. VI c. 1 (1949)	N.S.
(c) Transitional grant	1949-50	13 Geo. VI c. 1 (1949)	1960-61
(d) Additional grant	1958-59	7-8 Eliz. II c. 48 (1959)	1961-62
(e) 50 per cent of federal income tax on certain public utilities	1951-52	1 Eliz. II c. 49 (1952)	1958-59
2. PRINCE EDWARD ISLAND			
(a) For the local purposes of the province and the support of its government and legislature			
—Fixed subsidy	1873-74	7 Ed. VII c. 11 (1907)	N.S.
—per capita subsidy	1873-74	7 Ed. VII c. 11 (1907)	N.S.
(b) Grant in lieu of public lands	1873-74	O.C. Windsor d. June 26, 1873	N.S.
(c) Subsidy in settlement of steamship service claims	1901-02	1 Ed. VII c. 3 (1901)	N.S.
(d) Additional subsidy	1887-88	50-51 Vic. c. 8 (1887)	N.S.
(e) Additional subsidy	1912-13	2 Geo. V c. 42 (1912)	N.S.
(f) Interest on debt allowance	1873-74	O.C. Windsor d. June 26, 1873 47 Vic. c. 4 (1884) 48-49 Vic. c. 4 (1885)	N.S.
(g) Maritime provinces additional subsidy	1927-28	6 Geo. VI c. 14 (1942)	N.S.
(h) 50 per cent of federal income tax on certain public utilities	1950-51	1 Eliz. II c. 49 (1952)	1958-59
3. NOVA SCOTIA			
(a) For the local purposes of the province and the support of its government and legislature			
—Fixed subsidy	1867-68	7 Ed. VII c. 11 (1907)	N.S.
—per capita subsidy	1867-68	7 Ed. VII c. 11 (1907)	N.S.
(b) Interest on debt allowance	1868-69?	32-33 Vic. c. 2 (1869) 36 Vic. c. 30 (1873) 37 Vic. c. 3 (1874) 47 Vic. c. 4 (1884) 48-49 Vic. c. 4 (1885)	N.S.
(c) Maritime provinces additional subsidy	1927-28	6 Geo. VI c. 14 (1942)	N.S.
(d) 50 per cent of federal income tax on certain public utilities	1949-50	1 Eliz. II c. 49 (1952)	1958-59
4. NEW BRUNSWICK			
(a) For the local purposes of the province and the support of its government and legislature			
—Fixed subsidy	1867-68	7 Ed. VII c. 11 (1907)	N.S.
—per capita subsidy	1867-68	7 Ed. VII c. 11 (1907)	N.S.
(b) Subsidy in lieu of export duty on lumber	1873-74	36 Vic. c. 41 (1873)	N.S.
(c) Interest on debt allowance	1873-74?	30-31 Vic. c. 3 (1867) 36 Vic. c. 30 (1873) 47 Vic. c. 4 (1884) 48-49 Vic. c. 4 (1885)	N.S.
(d) Maritime provinces additional subsidy	1927-28	6 Geo. VI c. 14 (1942)	N.S.
(e) 50 per cent of federal income tax on certain public utilities	1949-50	1 Eliz. II c. 49 (1952)	1958-59

—	Fiscal Year Original Payment Made	Statutory Authority	Terminal Fiscal Year
5. QUEBEC			
(*a*) For the local purposes of the province and the support of its government and legislature			
—Fixed subsidy	1867–68	7 Ed. VII c. 11 (1907)	N.S.
—per capita subsidy	1867–68	7 Ed. VII c. 11 (1907)	N.S.
(*b*) Interest on debt allowance	1884–85	30–31 Vic. c. 3 (1867) 36 Vic. c. 30 (1873) 47 Vic. c. 4 (1884)	N.S.
(*c*) 50 per cent of federal income tax on certain public utilities	1950–51	1 Eliz. II c. 49 (1952)	1958–59
6. ONTARIO			
(*a*) For the local purposes of the province and the support of its government and legislature			
—Fixed subsidy	1867–68	7 Ed. VII c. 11 (1907)	N.S.
—per capita subsidy	1867–68	7 Ed. VII c. 11 (1907)	N.S.
(*b*) Interest on debt allowance	1884–85	30–31 Vic. c. 3 (1867) 36 Vic. c. 30 (1873) 47 Vic. c. 4 (1884)	N.S.
(*c*) 50 per cent of federal income tax on certain public utilities	1950–51	1 Eliz. II c. 49 (1952)	1958–59
7. MANITOBA			
(*a*) For the local purposes of the province and the support of its government and legislature			
—Fixed subsidy	1870–71	7 Ed. VII c.11 (1907)	N.S.
—per capita subsidy	1870–71	7 Ed. VII c.11 (1907)	N.S.
(*b*) Subsidy in lieu of public lands	1881–82	20–21 Geo. V c.29 (1930)	N.S.
(*c*) Interest on debt allowance	1870–71	2 Geo. V c.32 (1912)	N.S.
(*d*) 50 per cent of federal income tax on certain public utilities	1949–50	1 Eliz. II c.49 (1952)	1958–59
8. SASKATCHEWAN			
(*a*) For the local purposes of the province and the support of its government and legislature			
—Fixed subsidy	1905–6	7 Ed. VII c.11 (1907)	N.S.
—per capita subsidy	1905–6	7 Ed. VII c.11 (1907)	N.S.
(*b*) Subsidy in lieu of public lands	1905–6	20–21 Geo. V c.41 (1930)	N.S.
(*c*) Interest on debt allowance	1905–6	4–5 Ed. VII c.42 (1905)	N.S.
(*d*) 50 per cent of federal income tax on certain public utilities	1949–50	1 Eliz. II c.49 (1952)	1958–59
9. ALBERTA			
(*a*) For the local purposes of the province and the support of its government and legislature			
—Fixed subsidy	1905–6	7 Ed. VII c.11 (1907)	N.S.
—per capita subsidy	1905–6	7 Ed. VII c.11 (1907)	N.S.
(*b*) Subsidy in lieu of public lands	1905–6	20–21 Geo. V c.3 (1930)	N.S.
(*c*) Interest on debt allowance	1905–6	4–5 Ed. VII c.3 (1905)	N.S.
(*d*) 50 per cent of federal income tax on certain public utilities	1949–50	1 Eliz. II c.49 (1952)	1958–59
10. BRITISH COLUMBIA			
(*a*) For the local purposes of the province and the support of its government and legislature			
—Fixed subsidy	1871–2	7 Ed. VII c.11 (1907)	N.S.
—per capita subsidy	1871–2	7 Ed. VII c.11 (1907)	N.S.
(*b*) Subsidy in lieu of public lands	1871–2	O.C. Windsor May 16, 1871 20–21 Geo. V c.37 (1930)	N.S.
(*c*) Interest on debt allowance	1871–2	O.C. Windsor May 16, 1871 36 Vic. c.30 (1873) 47 Vic. c.4 (1884)	N.S.
(*d*) 50 per cent of federal income tax on certain public utilities	1949–50	1 Eliz. II c.49 (1952)	1958–59

Starred Questions

AUTAIR HELICOPTER SERVICES LIMITED

Question No. 117—**Mr. Chevrier:**

1. Did the licences issued by the air transport board to Autair Helicopter Services Limited restrict this firm to the use of small helicopters?
2. If so, did Autair Helicopter Services Limited apply for a removal of the restrictions and was the application denied by the air transport board?
3. Did Autair Helicopter Services Limited appeal from this decision to the Minister of Transport?
4. If so, what decision was made by the minister and for what reason?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the answer to part 1 is yes.

With regard to part 2, Autair Helicopter Services Limited applied to the air transport board for removal of this restriction from its licence No. A.T.B. 887/58 (H) which authorized the licensee to operate a class 4 charter commercial air service from a base at St. Eugene, Ontario. This application was denied by the board by decision serial No. 1275 dated June 1, 1959.

The answer to part 3 is yes.

As to part 4, the appeal was granted as I was satisfied, after giving due consideration to the submissions of the appellant and the interveners in the appeal, and after reviewing air transport board decisions serial Nos. 1111 of July 18, 1958, and 1198 of November 17, 1958, and after further considering the general problem, that the public interest would not be served by subjecting the operation of the type of service proposed by the appellant to the restriction contained in its licence and that the additional competition which the appellant company would be able to provide if the restriction were to be removed would not only be of benefit to the using public, but in the long run would be in the best interests of the industry itself.

VISIT OF NATIONAL REVENUE EMPLOYEE TO RUSSIA

Question No. 118—**Mr. McIlraith:**

1. Has Mr. M. T. Keam an employee of the Department of National Revenue, been sent to the U.S.S.R. by the federal government?
2. If so, what is the purpose of his trip?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the answer to part 1 is yes. The answer to part 2 is, as a member of the Canadian government delegation headed by Mr. J. H. Warren and referred to in this house by the Minister of Trade and Commerce on April 5.

BOMARC BASE TENDER, MONT LAURIER, QUE.

Question No. 119—**Mr. Hellyer:**

1. Has a tender been let for the initial construction work at the Bomarc base near Mont Laurier?
2. If so, what is the reason for the delay?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, the answer to part 1 is no. The answer to part 2 is that tenders have been received and are being reviewed by Defence Construction (1951) Limited. They have not yet been submitted to treasury board.

RECRUITMENT INSTRUCTIONS, LIGHTHOUSE TENDERS, B.C.

Question No. 120—**Mr. Howard:**

1. Since April 1, 1959, have any instructions been issued to the marine agents in either Prince Rupert or Victoria, British Columbia, with respect to the recruitment of personnel for lighthouse tenders?
2. If so, what are the contents and purpose of each such instruction?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the answer to part 1 is yes. Instructions were issued to the district marine agents at Victoria and Prince Rupert on the procedures to be followed with respect to recruitment of personnel for lighthouse supply and buoy vessels.

As to part 2, these instructions fall in the following three categories:

(a) Instructions to the district marine agents concerning promotion competitions for officer positions on new departmental vessels. The purpose of these instructions was to give departmental employees an opportunity for promotion in accordance with established departmental policy.

(b) Instructions regarding procedures to be followed by the district marine agents in reviewing the qualifications of existing staff and in effecting transfers of qualified staff from older vessels to the new vessels. The purpose of these instructions was to provide as far as possible continuity of employment for qualified existing staff and at the same time provide experienced personnel for the new vessels.

(c) Instructions to district marine agents on the procedures to be followed in interviewing applicants for employment on departmental vessels. The purpose of these instructions was to provide for the filling of any vacancies remaining after promotional competitions and transfers of existing staff had been determined.

CHIGNECTO CANAL—ENGINEERING STUDY

Question No. 121—**Mr. McWilliam:**

1. Did the premier of New Brunswick make a formal request to the federal government for a full scale engineering study by the federal government to determine the engineering feasibility of the Chignecto canal?
2. If so, what action was taken?

Starred Questions

CHIGNECTO CANAL—ECONOMIC STUDY

Question No. 122—**Mr. McWilliam:**

1. Did the premier of New Brunswick make a formal request to the federal government for a full scale economic study by the federal government to determine the economic feasibility of the Chignecto canal?

2. If so, what action has been taken?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, if the hon. gentleman would permit I would like to answer questions 121 and 122 together.

While no formal request was made by the premier of New Brunswick along the lines indicated in the two questions, informal discussions have taken place from time to time and strong representations have been made by Premier Flemming for action in connection with the Chignecto canal. Recently he advised me that the province of New Brunswick had set up a body to make an economic investigation of the feasibility of the canal. That report is expected very shortly, and following that report a formal request will be made along the lines indicated in the two questions.

UNEMPLOYMENT INSURANCE FUND

Question No. 123—**Mr. Robichaud:**

What was the amount to the credit of the unemployment insurance commission fund as of March 31, 1957, 1958, 1959 and 1960?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the answer to this question is as follows. March 31, 1957, $874,574,651; March 31, 1958, $744,200,124; March 31, 1959, $499,811,157; March 31, 1960, not available.

MAIL CONTRACT, PORT REXTON-ENGLISH HARBOUR, NFLD.

Question No. 124—**Mr. Tucker:**

1. To whom was the latest contract awarded to carry mail from Port Rexton to English Harbour, Trinity Bay, Newfoundland?

2. Was contract awarded as a result of tenders being called?

3. What was the amount of contract?

4. Who carried mail previously and what was the amount paid?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, the answers are as follows. 1. Stephen Penney, English Harbour, Trinity Bay. 2. No. 3. The amount of $420 per year. 4. Robert Barnes, English Harbour, under temporary arrangement at $420 per year.

MARY ISABEL WILFORD, GUELPH, ONT.—UNEMPLOYMENT INSURANCE BENEFITS

Question No. 125—**Mr. Robichaud:**

1. Since June 1, 1959, has a Miss Mary Isabel Wilford been disqualified by the Guelph office of the unemployment insurance commission for unemployment insurance benefits?

2. If so: (a) was her case heard by a board of referees and what decision was reached? (b) was an appeal allowed to the umpire and what was his decision? (c) what was the date of his ruling and has a settlement been made by the commission? (d) what was the amount involved and on what date was payment of benefits made to the applicant?

Hon. Michael Starr (Minister of Labour): 1. Yes. 2. (a) Yes. Claimant's appeal dismissed. (b) Yes. Union's appeal dismissed. Effective date of disqualification moved from June 7, 1959 to October 23, 1959. (c) February 17, 1960. Yes. (d) The sum of $205. The sum of $88 paid on April 4, 1960; the remainder on April 6, 1960.

MOTIONS FOR PAPERS

WHARF CONSTRUCTION, MALARTIC RIVER, QUE.

Motion No. 83—**Mr. Dumas:**

For a copy of all payrolls showing the names of those employed, the period of employment and the amount paid to each person, in connection with the reconstruction, during 1959, of a wharf located on the west bank of the Malartic river, range 4, in the township of Malartic, Quebec.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I was under the impression the last time this motion came up that it was to stand till after the Royal Canadian Mounted Police had completed its investigation.

Mr. Dumas: Mr. Speaker, in view of the fact that this investigation is not concluded, I wish my motion to stand.

Mr. Speaker: Is the motion to stand until the matter mentioned by the Minister of Public Works has concluded?

Some hon. Members: Agreed.

Motion stands.

RECRUITMENT INSTRUCTIONS, LIGHTHOUSE TENDERS, B.C.

Motion No. 90—**Mr. Howard:**

For a copy of all instructions issued since April 1, 1959, to marine agents in British Columbia, and dealing with the recruitment of personnel for lighthouse tenders.

Hon. George H. Hees (Minister of Transport): The subject matter of this motion has already been dealt with in the answer made today to starred question No. 120 in the name of the hon. member for Skeena, and full information given.

With regard to the motion itself, I would point out that such instructions are in the form of intradepartmental memoranda from head office to the district marine agents, and consequently fall clearly under the heading of privileged papers. It is the recognized and long established practice that intradepartmental memoranda should not be produced, and I hope the hon. member will therefore

be agreeable to withdrawing his motion, particularly as his starred question has been answered in detail.

Mr. Howard: I will withdraw it, not on the basis of the starred question having been answered but in the light of the minister's statement that these so-called memoranda are privileged.

Mr. Speaker: Does the house consent to this motion being withdrawn?

Some hon. Members: Agreed.

Motion withdrawn and order discharged.

DISALLOWANCE OF LABOUR LEGISLATION, NFLD.

Motion No. 93—**Mr. Winch:**

For a copy of all correspondence, telegrams and other documents exchanged, during the past twelve months, between the federal government, or any agency or branch thereof, and the province of Newfoundland; and any interdepartmental correspondence and documents, dealing with disallowance or otherwise of labour legislation passed by the legislature of Newfoundland.

Hon. E. D. Fulton (Minister of Justice): This motion really consists of two parts, one asking for a copy of correspondence which passed between this government and the government of the province of Newfoundland, and the other for the production of interdepartmental correspondence and documents.

With respect to the second part, these documents, I submit, fall clearly within the class of documents the production of which is not in the public interest. They are interdepartmental and have always been regarded therefore as privileged. I suggest to the hon. member that if he is prepared to drop that part of his motion, we should be prepared to accept the first part covering intergovernmental correspondence subject to the usual reservation with respect to ascertaining the attitude of the provincial government. If the hon. member is not prepared to follow this course, then I regret I will have to oppose the motion.

Mr. Winch: I appreciate the remarks made by the Minister of Justice with regard to the position he has taken, but in view of the fact that there are indications that in the past such documents have been produced I would ask the minister if he would allow this motion to stand for the present.

Mr. Fulton: Yes.

Mr. Speaker: The motion stands.

Motion stands.

79951-0—202

Inquiries of the Ministry

NATIONAL DEFENCE

BOMARC MISSILE—REPORTED CRITICISM BY UNITED STATES SENATOR

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of National Defence. Has the minister been advised of the latest developments in the United States in respect to the Bomarc missile and, if so, has he any report to give the house?

Hon. G. R. Pearkes (Minister of National Defence): I have no further report to make since the one I gave on March 28.

Mr. Hellyer: A supplementary question. Has the minister seen the statement by Senator Chavez, chairman of the United States Senate appropriations subcommittee on defence, which implies that Canadians are getting an inferior weapon "which is not good enough for us"?

Mr. Pearkes: Yes, I have seen that statement. It is a personal opinion expressed by a Democratic senator, an opinion not dissimilar to those which have been expressed from time to time by the hon. member for Trinity.

Mr. Hellyer: I agree with Senator Chavez. Would the minister assure the house at this time that he is still confident that the Bomarc alone is the best defence for Canada?

Mr. Pearkes: I have never at any time claimed that the Bomarc alone was the best defence for Canada.

Mr. Hellyer: Have we anything else?

POLICY RESPECTING ESTABLISHMENT OF SCHOOLS ON SERVICE BASES

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of National Defence. I put it because of the number of inquiries I have had by mail. Is the minister in a position to inform us what consideration is being given to the policy of his department with respect to the setting up of religious or non-secular schools on defence bases or establishments for the children of service personnel?

Hon. G. R. Pearkes (Minister of National Defence): The policy of the Department of National Defence with respect to schools at service bases is that those establishments must conform to provincial laws. There are separate Catholic and Protestant schools established at bases in the province of Quebec. In all other provinces there are joint schools.

Mr. Fisher: What is the situation with respect to schools that are beyond provincial jurisdiction? There are a number of such cases, as the minister is aware.

Mr. Pearkes: As far as Europe is concerned, the schools there are public schools and conform to the educational standards of the province of Ontario. In no case outside of the province of Quebec is there established in any camp what are generally known as separate schools.

[*Later:*]

Mr. Pearkes: In case I left a wrong impression in my answer to the hon. member for Port Arthur, may I say that these schools were established some 10 years ago and that there has been no change in policy since then. This applies to the schools in the province of Quebec, the schools in the other parts of Canada and in Europe.

IMMIGRATION

IRENE REBRIN—REQUEST FOR PERSONAL REVIEW BY PRIME MINISTER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to ask the Prime Minister a question. The question is also in the nature of an unspoken appeal on behalf of a thousand university people who are concerned with this case.

In view of representations made to the right hon. gentleman by the faculty association of the University of British Columbia on behalf of Miss Irene Rebrin, respectfully asking him to personally review the documents and evidence in her case and to give Miss Rebrin an opportunity to provide answers to any specific evidence against her, will the Prime Minister give favourable consideration to the representations of this faculty association and other groups lest, as they suggest, an injustice be done?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I need hardly assure the house that the government is most concerned to see that no injustice is done. Such actions as we take in this field are scrupulously examined, to the end that in administering and complying with the laws, as is our responsibility, not only is justice done, but justice is tempered with mercy wherever possible.

As the Minister of Citizenship and Immigration (Mrs. Fairclough) emphasized when making her statement in the house on April 7, as reported at page 2993 of *Hansard*, Miss Rebrin's case was most carefully examined from this point of view. This examination was directed first toward seeing whether the order was properly made on valid and substantial grounds, and whether the dismissal of her appeal was made on valid and proper grounds. Having been satisfied on this point, the government then considered whether any discretion vested in the minister under the act should be exercised to vary or rescind the order. For the reasons given by the minister in the statement to which I have referred, the government is satisfied that this is not a case where the order should be interfered with.

This is a case where our responsibility to the national interest is paramount. I should like to add this. I did receive the message in question from the faculty association. In February last, when this matter was under consideration, a representative of the Department of Citizenship and Immigration called on the president of the University of British Columbia, Dr. N. A. M. MacKenzie, to discuss the matter with him. At that time Dr. MacKenzie said, "I will go along with the decision without any question or protest".

Mr. Herridge: He is a jellyfish.

Some hon. Members: Shame.

Mr. Harold E. Winch (Vancouver East): I should like to ask the Prime Minister a supplementary question. As the champion of a bill of rights will he tell us whether an opportunity will be given to one found guilty to know the basis on which she has been found guilty, and also an opportunity to present her case?

Mr. Speaker: Order. It seems to me the hon. member is asking a rather hypothetical question. He is referring to the bill of rights..

Mr. Winch: I am asking whether a person, having been found guilty, will be allowed to present her case and know the charges that have been made against her?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, on a point of order I suggest, sir, that if this is not a hypothetical question certainly it is very close to it, because the hon. member is phrasing his question in words which suggest something which is not the fact. On that basis I suggest that it would amount to a hypothetical question.

Mr. Winch: I am sorry; I am not asking a hypothetical question. I am asking whether an opportunity will be given to the person involved to know the charge against her and to reply.

Mr. Speaker: I think the hon. member's question does make a statement that is not in accordance with what has taken place as I understand it from what I have heard in the house. The question has been fully answered on two occasions now. I am afraid

I cannot accept the supplementary question in the form in which the hon. member asks it.

Mr. Winch: Then may I ask the Prime Minister this question. Has the person involved been informed as to the substance of the charges against her which make her ineligible to remain in Canada?

Mr. Diefenbaker: Mr. Speaker, when a question of security arises, and when a review has been made of the evidence, or the basis for the conclusion in that regard, I cannot go further, in the public interest.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Has the government satisfied itself that it is practicable to carry out the deportation in this case? Has the government also satisfied itself that there is some country that is willing and able to receive the proposed deportee?

Mr. Diefenbaker: Mr. Speaker, I think the answer is in the affirmative. I would not want to go into further details, but what I know of the question indicates that there is such a country.

Mr. Pickersgill: Perhaps I might be permitted to ask a further supplementary question. In view of the very grave considerations involved, can the Prime Minister assure the house that this person will not be deported to any communist country?

Mr. Henderson: That is where she belongs.

Mr. Diefenbaker: Mr. Speaker, the country I have in mind is not a communist country.

AIR TRANSPORT

(Translation):

T.C.A.—ADVERTISEMENT RESPECTING LANGUAGE QUALIFICATIONS OF HOSTESSES

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, may I direct a question to the Minister of Transport? The last issue of the magazine *In Flight* has an article about Trans-Canada Air Lines hostesses and their qualifications. The fifth basic requirement, as set out therein, has to do with language. It reads as follows:

(Text):

Applicant must be able to read, write and converse fluently in English. French is an additional requirement on T.C.A.'s overseas services.

(Translation):

Would the Minister of Transport see to it that the section restricting French to overseas services be amended so as to place French on the same footing as English, in the matter of language requirements?

(Text):

Hon. George H. Hees (Minister of Transport): Mr. Speaker, when the hon. member for Sherbrooke brought this matter to my attention I immediately got in touch with Trans-Canada Air Lines, and I have been assured by them that in future advertisements appearing in the publication *In Flight* the fifth basic requirement for hostesses for overseas service will read:

Applicants must be able to read and converse fluently in English and French.

NATURAL GAS

NORTHWEST TERRITORIES—INQUIRY AS TO NEW REGULATIONS

On the orders of the day:

Mr. Arthur Smith (Calgary South): Mr. Speaker, I should like to ask the Minister of Northern Affairs and National Resources whether the government are yet prepared to announce their new Northwest Territories regulations for oil and gas. In replying, perhaps the minister might comment on the number of leases or reservations which currently have been issued for the territories or the Arctic islands.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the new Canada oil and gas regulations have been passed. Promulgation will occur some time today, but in view of the importance and significance of the new terms in the regulations concerning participation in the financing and ownership of those resources by Canadians, there will have to be a full statement made by myself as soon as I can possibly arrange to do so.

In regard to the second question, I can only speak from memory. The permits out on the mainland at the present time cover in excess of 96 million acres; the permits out on the Arctic islands and on the continental shelf approximate now, I think, about 146 million acres. There is a total of some 243 million acres now out under permits or application for permits in the north.

UNITED NATIONS

REQUEST FOR REPORT ON PROCEDURES FOR MEASURING RADIOACTIVITY

On the orders of the day:

Hon. Paul Martin (Essex East): In the absence of the Secretary of State for External Affairs may I ask his parliamentary secretary if he is in a position to report to the house on his visit last week to the United Nations, pursuant to the criticism made by the Secretary of State for External Affairs as to the follow-up by the United Nations of the procedures for measuring world radioactivity levels, under the Canadian resolution and initiative at the last assembly of the United Nations?

Inquiries of the Ministry

Mr. W. B. Nesbitt (Parliamentary Secretary to the Secretary of State for External Affairs): Mr. Speaker, last week, as the hon. member knows, I was in New York looking into this matter at the request of the Secretary of State for External Affairs. The United Nations scientific committee on radiation has been authorized to send a letter to member nations requesting those nations to forward samples of food, air, soil and water to various nations which have offered facilities to analyse these samples with a view to ascertaining their radioactive content. A number of countries have volunteered to the United Nations scientific committee on radiation to analyse these samples, Canada, of course, being one of the first.

There have been some slight delays in the United Nations scientific committee sending the letter, but these delays were largely unavoidable as the contents of the letter proposed to be circularized had to be submitted to the specialized agencies of the United Nations such as the world health organization, the international atomic energy agency and the like. As a result the letter was circularized to all member nations last Friday, and there should be no additional delay. I would point out that most of the delays were unavoidable, and I should like to add at this time that the co-operation of Dr. Ralph Bunche, who is in charge of the operation at the United Nations, is certainly much appreciated by the Canadian government.

REPRESENTATIONS BY CANADIAN WELFARE COUNCIL RESPECTING REFUGEES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, in view of the fact that this is the last day we will be sitting until quite late in the month, and particularly in the light of the statement made yesterday by the premier of Ontario on this subject, can the Prime Minister say whether the government has reached a decision with respect to the submission of the welfare council regarding medical and welfare care of potential refugees who would be privately sponsored?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in so far as the statement made by the premier of Ontario in the legislature yesterday is concerned, no representations have been received by the government of Canada in this regard. All we know is what we have read in the morning newspapers. So far as the wider context of the problem of the refugees in question is concerned, that is still receiving the consideration of the government.

[Mr. Martin (Essex East).]

Mr. Pickersgill: May I pose a supplementary question to the Minister of Finance. Has the suggestion I made, which he will recall, been brought to the attention of his colleagues, and is it also receiving consideration?

Hon. Donald M. Fleming (Minister of Finance): All matters that arose in the course of discussion of the final supplementary estimates which I said I would bring to the attention of my colleagues have been brought to the attention of my respective colleagues in accordance with the undertaking I gave to the committee of supply.

Mr. Pickersgill: Would the minister be prepared to answer the second part of my question, as to whether the suggestion is receiving consideration?

Mr. Fleming (Eglinton): I think that question could properly be directed to the minister of the department concerned.

Mr. Pickersgill: Perhaps I could ask the parliamentary secretary to the Secretary of State for External Affairs whether that suggestion has received consideration. The suggestion was that after a period of say a year, any residual medical or welfare care should be a charge on the federal exchequer.

Mr. W. B. Nesbitt (Parliamentary Secretary to the Secretary of State for External Affairs): I think perhaps the hon. member might direct his question more properly to the parliamentary secretary to the Minister of Citizenship and Immigration.

Mr. Pickersgill: I would be very happy to do so.

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): Obviously this is a matter which is the responsibility of the Secretary of State for External Affairs.

EXTERNAL AFFAIRS

DISARMAMENT—REPORTED WESTERN REJECTION OF RUSSIAN PROPOSAL ON NUCLEAR WEAPONS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Prime Minister, and I apologize for the very short notice I was able to give him. In view of the western delegates' rejection of a Soviet proposal on Monday last in Geneva that the nuclear powers should pledge not to be the first to use nuclear weapons, and in view of the expressed opposition of the Pentagon in the United States to the Soviet proposal, would the Prime Minister

inform the house whether the Canadian decision was influenced by the United States point of view?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the hon. member said in his opening words, no notice was given of this question except after the opening of the house. However, I have been able to secure an answer.

The hon. gentleman has prefaced his question with a misleading suggestion. There has been no separate Soviet proposal in the current negotiations along the lines suggested by him. What happened was that in response to western probing the Soviet representative offered to rearrange the original Khrushchev plan so as to give earlier priority to a proposed pledge respecting the use of nuclear weapons. This proposed rearrangement has not altered the western five-power judgment that the Khrushchev plan as a whole is unacceptable as the sole basis for negotiation.

The stand taken is an agreed western position which does not detract in any way from the unchanged Canadian desire for agreement on early measures of nuclear disarmament under appropriate safeguards. What has happened is in accordance with an agreed western plan to the end that measures leading to disarmament may be secured.

AIRPORTS

NORTH BAY, ONT.—CALLING OF TENDERS FOR NEW TERMINAL BUILDING

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Transport. Can the minister advise when tenders will be called for the new terminal building at North Bay airport?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. Plans for a new terminal building at North Bay were completed, but it was then found necessary for technical reasons to change the location of the control tower. This entailed alterations of plans, and as soon as these are completed tenders will be called.

ROYAL CANADIAN AIR FORCE

REPORTED ADVERTISING FOR RECRUITS OVER U.S. RADIO STATION

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Is the minister in a position to comment on a Vancouver dispatch to the effect that the Royal Canadian Air Force is advertising for recruits over radio station KVOS, Bellingham, a United States radio station?

Inquiries of the Ministry

Hon. G. R. Pearkes (Minister of National Defence): Station KVOS is located at Bellingham, Washington and has coverage over the southern part of British Columbia. Fifty per cent of its programs are Canadian sponsored. Some commercials having reference to the R.C.A.F. have been broadcast without cost or obligation to the Department of National Defence. On its own initiative and without the knowledge of the R.C.A.F. the station management has undertaken this activity.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question. Does the minister really think it is consonant with the independence and the dignity of this country to be advertising for recruits for the armed forces over a radio station of another country?

Mr. Pearkes: The R.C.A.F. is not advertising over a station in another country. As I explained, the station did it on its own initiative, without any obligation to the Department of National Defence or the R.C.A.F.

Mr. Pickersgill: And without knowledge?

(Translation):

PUBLIC SERVICE

PRINTING BUREAU—REPORTED PRINTING OF STAFF NOTICES IN ENGLISH ONLY

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, I have a question for the Acting Secretary of State (Mr. Balcer). Has it come to his knowledge that, of late, notices issued to employees of the printing bureau are printed in English only, the last one being the holiday regulations?

Hon. Leon Balcer (Acting Secretary of State): Mr. Speaker, I was not aware of the fact mentioned by the hon. member.

Mr. Caron: I have a supplementary question, Mr. Speaker. Can the Acting Secretary of State promise to see that this situation is remedied?

Mr. Balcer: I shall see it.

(Text):

HOUSING

INQUIRY AS TO NUMBER OF STARTS IN FIRST QUARTER OF 1960

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Can the minister tell us the number of housing starts that have been made in the first quarter of 1960?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, the returns have not yet been compiled. We expect they will be ready later this week, and I will be glad to send my hon. friend a copy.

[*Later:*]

Mr. Garland: I should like to direct another question to the Minister of Public Works. Would the minister care to comment on the statement made by the executive vice president of the national house builders association to the effect that housing starts this year may be down 30 per cent from the government estimate of 125,000, and if so it will mean 70,000 jobs?

Mr. Walker: No comment, Mr. Speaker.

TRADE

RUSSIA—POSSIBLE REDUCTION IN AMOUNT OF WHEAT PURCHASED

On the orders of the day:

Hon. Paul Martin (Essex East): I should like to address a question to the Minister of Trade and Commerce, but before doing so I should like to express to him my best wishes for a safe journey to Moscow.

Mr. Churchill: What about the return?

Mr. Martin (Essex East): And, I hope, a safe return. May I ask the minister whether it is a fact, as reported in today's press, that the treaty which he is going to Moscow to sign represents a major reduction in Soviet union wheat purchases from Canada as compared with the 1956 agreement?

Hon. Gordon Churchill (Minister of Trade and Commerce): It will depend on the development of trade between the two countries. The last Soviet purchases of wheat from Canada, in the last crop year, were only in the neighbourhood of seven million bushels. In the two previous crop years they were higher than that. There is an opportunity for that amount of purchase on the part of Russia, and an even greater amount, depending on the development of the trade.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 12, consideration of the motion of Mr. Fleming (Eglinton) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the Minister of Finance will excuse me if I do not discuss the budget speech he made the other evening, or if I do not comment on the very flamboyant and inaccurate speech which he made yesterday. I desire to speak about another subject which is of paramount importance. I shall try to deal with this subject calmly and quietly, leaving aside all considerations of a political nature.

An hon. Member: That will be something new.

Mr. Chevrier: I shall try to deal exclusively with the judicial, technical and other aspects of the problem. The facts which I shall give I believe to be true. They were obtained in part from official documents tabled in this house, in part from answers to questions, in part from personal checks which I have made, and in part from reliable information, information so reliable that I could not, as a member of parliament, refrain from bringing it to the attention of the house. If I am inaccurate or incorrect or unfair in my assessment of the situation I am sure the ministers involved will put me right. If I am correct, I hope immediate action will be taken. I hope the ministers will do me the courtesy of hearing me out and making their comments after mine, since both the ministers have been advised of my intention to raise this matter.

I want to discuss Autair Helicopter Services Limited, a corporation which has been in existence in Canada since June, 1957 only. It has little or no experience in the field of heavier helicopter equipment. It was given a licence to operate the S-55 Sikorsky type helicopter contrary to the ruling of the air transport board and against its decision, after having defied its authority. It now holds an important contract to do helicopter work in northern Canada on the polar continental shelf, where men and equipment will have to be moved under difficult and trying circumstances.

What are the facts? On January 25, 1958 an application was made by Autair Helicopter Services Limited to operate (a) a class 4 charter commercial air service, and (b) a class 7 specialty commercial air service restricted to the operation of single helicopters of the Bell-47 and Sikorsky-51 types from a base at St. Eugene in the province of Ontario. The air transport board held a public hearing on this application in Montreal on May 16, 1958. Although it is the practice of the board to move quickly on these applications, it withheld its decision during the latter part of May, all of June and a large part of July, presumably because a change of policy was under consideration by the government.

It is well known, however, what the views of the board were. It was felt that there were enough helicopters in Canada to satisfy the demand. There was no additional helicopter

service needed in Canada, according to the evidence; and upon the evidence adduced at the hearing it is reasonable to believe and conclude that the board would have turned down the application.

On July 14, 1958, in answer to a question by the hon. member for Vancouver South, the Minister of Transport announced the decontrol of group C, or the opening up to competition of non-scheduled commercial air services involving the use of small, light aircraft and helicopters. He stated, as reported on page 2207 of *Hansard* for that date, as follows:

—the government has accordingly decided that it would be in the public interest that licences for air services using only this small type of aircraft be granted freely on request.

On July 18, 1958, exactly four days after the minister announced this change of policy in the house and pursuant to this policy the air transport board by decision serial No. 1111 gave approval to Autair to operate a class 4 charter commercial air service and a class 7 specialty commercial air service from a base at St. Eugene, Ontario, restricted to the operation of single helicopters of the Bell-47 and Sikorsky-51 types.

On November 17, 1958, by air transport board decision serial No. 1198, approval was given to (1) amend licence No. A.T.B. 887/58 (H) to authorize the operation of the additional class 7 recreational flying specialty and (2) for a licence to operate at Quebec city and Montreal a class 4 charter commercial air service and a class 7 specialty commercial air service, restricted to the operation of single engine helicopters of the Bell-47 and Sikorsky-51 types.

On November 26, 1958 an application was made by Autair for the removal of the restrictions to operate single engine helicopters and for permission to operate the heavier and larger type equipment known as the Sikorsky S-55. On June 1, 1959 this application was denied by the air transport board under decision serial No. 1275 on the following grounds:

(a) That Autair was directed to advertise its request in accordance with board procedure but had failed to do so.

(b) That Autair file with the board proof of financial responsibility which it refused to do.

(c) That Autair give to the board certain information requested in letter from the board dated February 4, 1959 which it also refused to do.

(d) That Autair has consistently refused to provide the board with the information requested and continues so to do.

(e) In these circumstances the board must judge the request for the removal of the restrictions in the light of the evidence adduced in Montreal on May 16, 1958.

(f) The board is not satisfied that it would be in the public interest to authorize the applicant to operate with larger aircraft than those permitted under licence A.T.B. 887/58 (H) and the licensee's request is denied.

This decision was appealed to the minister and the minister allowed the appeal on August 20, 1959, as he indicated in his answer to my starred question this morning. The minister stated that in his opinion decision serial No. 1275 should be set aside and the board should issue a licence to the applicant to operate the services requested with no restrictions as to the size of the aircraft in such service. On September 1, 1959 the board complied with the request.

My contention is that the minister ought not to have interfered with the decision of the board, for the following reasons. First, the board in denying the application was exercising a judicial function, and the minister ought not to have interfered with the board in what was regarded by them, I am sure, as a judicial matter based upon the evidence adduced at the hearing in Montreal. That is borne out, too, by the fact that when the Aeronautics Act was introduced in this house it was clearly stated that so far as judicial matters were concerned there should be no interference in the decisions of the board. The minister ought not to have interfered with the decision of the board, in my opinion, because Autair had categorically refused to advertise its application in accordance with board procedure and refused to furnish proof of financial responsibility as required by the board. Autair still continues to ignore the judgment of the board in that respect. That is my second reason for thinking the minister ought not to have interfered.

My third contention is that Autair had been operating helicopters commercially without a licence, according to information in my possession, in contravention of the Aeronautics Act prior to July 18, 1958. With respect to the specific period from April to July 18, here are the facts. Three helicopters operated on a contract for the Quebec government, which contract began in June, 1958. One helicopter operated for a private company under a contract which began on June 4, 1958. Still another helicopter operated for another department of the Quebec government under a contract beginning April 9, 1958, all in contravention and in violation of the Aeronautics Act.

The president of Autair in his evidence before the air transport board stated that these helicopter services were operating on a demonstration basis only, and that no

remuneration was being received for these flights. However, these flights were expensive. The monthly tariff for work of this kind is I am informed $4,500, but he flew for nothing. A compilation of the cost of these flights indicates that three helicopters operated from June, 1958 to July 18, 1958, equalling one and one quarter months or three and three quarter aircraft months. One helicopter operated between June 4 and July 18, 1958, equalling one and one half months or one and one half aircraft months. One helicopter operated between April 9 and July 18, 1958, equalling three and one quarter months or three and one quarter aircraft months. This equals eight and one half aircraft months at $4,500, a total of $38,225. Autair therefore flew five aircraft without charge for which he would be entitled to receive the sum of $38,225 prior to obtaining his licence in July of 1958. Thereafter, I am informed, he increased his tariff from $4,500 to $6,000 per month so as to recapture the loss encountered prior to obtaining the licence.

A fourth reason why the minister ought not to have granted the appeal is because of the safety factor. Autair is not an experienced helicopter operator. At pages 14 and 15 of the evidence given before the board the president of the company stated that he had 35 hours of helicopter time. That has since been increased to 50 or 60 hours, I am advised. Also, as found at page 79 of the evidence, it was proved at the time of the hearing that at least one of the S-51 helicopters had outstanding liens against it, which information had been filed with the Department of Transport by the United States owner of the equipment.

The Minister of Mines and Technical Surveys has granted a contract to Autair for helicopter services in northern Canada, namely on the continental polar shelf. The date of commencement of this contract is imminent, if it has not already started. It is a most important contract, located as it is on the northwest side of the Queen Elizabeth islands. Furthermore, this is extremely dangerous work. It is to move supplies and persons, including surgeons and geologists, to that area. Great care should be taken to see that lives are protected. Helicopter operations are delicate and experience means a lot. Few operators in this country have the experience required to fulfil a job of this nature.

I believe the air transport board, the body charged with the responsibility of determining these technical matters under the Aeronautics Act, thought that in the public interest they should not grant these people a licence. The Minister of Mines and Technical Surveys apparently thought otherwise, and has given them a contract.

[Mr. Chevrier.]

The Minister of Mines and Technical Surveys in my opinion ought not to have recommended the contract to Autair for work on the polar shelf for the following reasons. A careful analysis of the sessional paper which the minister tabled in the house, No. 235 tabled on March 25, 1960, indicates that the tariff filed by Autair was not the lowest. In December, 1959 the Department of Mines and Technical Surveys informed five companies, Autair, Kenting, Okanagan, Pacific and Spartan that the department would require one Sikorsky S-55 helicopter and two Bell 47-G helicopters for their polar shelf program during the summer of 1960. The requirements were set out and the companies were requested to advise the department if they were interested and to enclose with their replies copies of their relevant tariffs as filed with the air transport board. All five companies did so signify and sent copies of their tariffs. Pacific was eliminated because it did not operate the S-55 type of helicopter. Strangely enough Autair was not so eliminated, although it had not operated S-55 helicopters and did not own any such equipment.

On February 9, 1960 Autair, I am informed on reliable information, was told by the departmental officers of the Department of Mines and Technical Surveys that Okanagan had the lowest tariff and that a decision had been made the day before February 8, to give the contract to Okanagan because of their greater experience and stable record. As a matter of fact, Okanagan were given a letter of intent from the department covering the operation.

The next day, February 10, Autair filed a new tariff with the air transport board which brought their rates down from the highest of the four companies to the following, as set out in the return tabled by the minister, and which upon examination indicates, first, that on the minimum rates they were tied with Okanagan and Spartan; second, that on the 50 hours of operation per month they were a little higher than Okanagan and Spartan but lower than Kenting; and third, that on the 100 hours of operation per month they were slightly lower than Okanagan and Spartan.

A submission was then prepared at the request of the Minister of Mines and Technical Surveys recommending the contract to be given to Autair as the company with the lowest rates. This was done in spite of the fact that Autair possessed no S-55 helicopters; had never operated them; had never operated in the Arctic at all; had rates, even under its new tariff, that were the same as or higher than its competitors except when flying over

100 hours per month per machine, a rather unlikely figure under extreme Arctic weather conditions. This was done under the minister's direction, and Autair was given the contract on the basis of a tariff filed the day after all four companies had been told the decision was made.

Autair thus knew exactly the rates they had to beat, and since none of the other companies could know that the minister had changed the award these other competitors had no opportunity to file competitive tariffs. Thus the contract was handed by the minister to Autair without any chance of interference by the other companies.

The Minister of Mines and Technical Surveys ought to have been more careful in granting a contract to be carried out in that strategic area of Canada for another reason. At this stage I would like to put on record information which has already been made public by the United States magazine *Newsweek*, which information to my knowledge has not been contradicted. Here is what is said in the issue of January 30, 1950 at page 33, in an article entitled "How Pan Am plane parts were smuggled behind the Iron Curtain":

Newsweek has uncovered a striking example of how desperately the satellite states still are trying to open a chink in this American economic iron curtain. The state department suspected that Czechoslovakia had been obtaining essential American airplane engines and parts for its fleet of DC-3s. And last week the state department discovered to its astonishment that some illegal shipments had originally been purchased from Pan American World Airways—apparently the victim of an extraordinary case of international double-dealing. Edward Weintal, *Newsweek* diplomatic correspondent here gives the full story.

Mr. Speaker, because of time I can only quote a part of this story. I continue:

For some time the operations of the Czechoslovak air lines have been under constant scrutiny of various agencies of the United States government. The line is believed to be operating under Moscow's orders and used for transporting Cominform agents . . .

Virtually all planes of the Czech line are American DC-3s. All western European governments have been warned by the state department to be on the lookout for Czech-bound DC-3 engines and parts. But despite these warnings the Czech line did not show any signs of shortages.

Evidence from various sources pointed to Belgium as the origin of American engines and spare parts for the Czechoslovak air lines. Howard Railey, the state department's aviation expert normally stationed in Paris, was ordered to Brussels. Railey's preliminary survey confirmed the state department's suspicions. The Belgium government was asked to investigate and urged to tighten up its own export controls. But before the Belgium government had a chance to comply, Railey found that some supplies for the Czechs were being purchased from Pan American World Airways by an unknown concern going by the name of Global Aviation of New York.

I now pass over a number of paragraphs because it is not possible to read all this article; I read only the pertinent parts.

Little is known about the Global Aviation Co. It is believed to be a partnership made up of D. W. Connor—

Who incidentally is the president of Autair, which has received this contract to work on the polar continental shelf.

—a former Canadian air force pilot, and E. F. O'Mara, a United States-born naturalized Canadian citizen.

(Translation):

Mr. Fortin: In what year was that published?

Mr. Chevrier: I already mentioned the date of publication—

Mr. Fortin: I did not get it.

Mr. Chevrier: —but let me repeat it—January 23, 1950.

(Text):

Having said that, I would add that these statements are of a most serious nature. They are made in a reputable magazine. I have no means of knowing whether they are true or not, but the public is entitled to know before this company is given a government contract and a licence to operate. Did the air transport board know about this? If it did, this may be one of the reasons why it turned down the application. The government should not have given a contract until it had fully investigated the story.

Now let me quote from the evidence which the Minister of Transport was good enough to table in this house in answer to my request. This man D. W. Connor, president of Autair Helicopter Services Limited, was examined before the air transport board in Montreal on May 16, 1958 on application for a licence. At page 14 of the evidence he was asked:

Q. How many hours have you?
A. About 35 . . .
Q. You have never operated a helicopter company prior to this?
A. Prior to last year, no.
Q. You say you are a resident of Westmount. When did you return to Canada?
A. In December of last year.

That would be 1957.

Q. Prior to that time you had been living in England?
A. Yes.
Q. Since 1948?
A. No. I lived in Switzerland until 1952.
Q. From the time of your discharge from the R.C.A.F. you have lived in Switzerland and then in England?
A. England, Switzerland and England, in that order, if you want to be exact.
Q. The air engine service group commenced operations in 1952?
A. Yes.
Q. Prior to that you said "We operated a delivery service for aircraft". Who do you mean by "we"?
A. The Connair Corporation.

Q. Were you associated with any other companies?

A. Yes. I was at that time also president of Global Aviation.

Q. What did Global Aviation do?

A. It ferried and delivered airplanes around the world.

Q. Did it buy and sell airplanes at all?

A. It did.

Q. All over the world?

A. In certain countries.

Q. To what countries did Global Aviation deliver airplanes and equipment?

A. You tax my memory after ten years, and it seems quite irrelevant, but South America, South Africa, Sweden, Norway, Belgium, Egypt, certainly Pakistan and Yugoslavia; generally anywhere you could find a market for the airplanes.

Q. That is commercial business?

A. Yes.

Can anyone believe that the president of this company would have mentioned Pakistan, Egypt, South America, Yugoslavia, and not have remembered the story in *Newsweek* about Czechoslovakia? This is a most serious matter. I cannot believe that either of the ministers concerned had read this story in *Newsweek* or the evidence before the board. That is why I consider it my duty to bring the matter before the house. Much of it, if not all, is already known in the aviation industry, and much of it has already been referred to in the press. If these statements which I have brought before the house are accurate, immediate action should be taken by the government, and in any case this company should not be allowed to proceed with this work until a thorough investigation has been made.

Mr. Pearkes: May I have permission to revert to motions?

Mr. Speaker: I see the Minister of National Defence is asking for leave to revert to motions. Is that agreeable to the house?

Some hon. Members: Agreed.

NATIONAL DEFENCE

BOMARC MISSILE—REPORT OF SUCCESSFUL FIRING

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, in case I should have misled the house in my reply to the hon. member for Trinity with regard to the Bomarc missile, may I say that at six minutes past twelve today I received information that a Bomarc B had been fired from Eglin field and that it was completely successful. I did not have that information when I was replying to the hon. member.

Hon. Paul Hellyer (Trinity): In view of the fact that the house allowed the minister to make this statement, I hope I shall be permitted to say that we on this side are pleased that at least one of these Bomarc missiles has proved successful. I should like to add, however, that it does not establish our confidence in this missile by one iota. We still feel that for Canada to continue the installation of this missile system is a complete waste of the taxpayers' money and that, further, such pressure as this country is putting on the United States is, in addition to our own money, wasting $250 million of the United States taxpayers' funds. So we urge the minister not to be too reassured by this single example of success by this Bomarc, and suggest that he should consider the immediate cancellation of the whole system on the ground that it is of no further military value.

Mr. Speaker: If the Minister of Transport would defer for a moment I will hear the hon. member for Port Arthur commenting on the statement which has been made.

Mr. Arnold Peters (Timiskaming): I should like to congratulate the minister on his guess —because it has been a guess—and I also wish to agree with the statement made by the hon. member for Trinity. Although this firing has been successful, we are not in agreement that Canada should pursue the installation of the Bomarc defence system even though one test has been successful—and on that we congratulate the minister.

Mr. Speaker: May I call attention to the fact that I recognized the hon. member for Port Arthur, but it turned out to be the hon. member for Timiskaming. The rules require hon. members to rise in their own places. The same applies to the hon. member for Montmagny-L'Islet (Mr. Fortin) who has been contributing to the debate from a seat not his own.

THE BUDGET

ANNUAL FINANCIAL STATEMENT BY THE MINISTER OF FINANCE

The house resumed consideration of the motion of Mr. Fleming (Eglinton) that Mr. Speaker now leave the chair for the house to go into committee of ways and means.

Hon. George H. Hees (Minister of Transport): I intend to speak very briefly, because there is nothing very much in the speech made by the hon. member for Laurier which requires a reply. I think the hon. gentleman's speech could best be termed much ado about nothing. The impression had been given that this was going to be an earth-shattering speech, but as far as I can see it brought forth nothing which had not already been made known by myself on several occasions, and in particular, when I announced the introduction of this new policy last fall.

The hon. member asked me specifically about the part played by my own department. He asked me why I, as minister, had

overridden a decision of the air transport board regarding the Autair application. The air transport board had been operating under a policy laid down by the former government, a policy which favoured monopoly, and which denied competition. This present government, as I have said on several occasions, believes that it has a responsibility, not only to the aircraft industry but also to the users of air services. This government believes that competition among charter air services leads to the provision of better and cheaper services to the public, and also serves as a healthy stimulant to the industry itself.

It was for that reason that I, on behalf of this government, introduced a freeing-up with respect to the granting of licences in the charter field. I made it very clear that I did so because it was the basic belief of the government that this would be a good thing for the industry, and no detriment; that in fact it would stimulate the provision of more of these services for the public. That, and that alone, was the reason I overrode the decision of the air transport board.

In this case, when the application was denied, it was denied in conformity with the policy imposed upon the board by the former government, a policy with which, in this regard, the present government does not agree. That is the reason the application was granted, and that is the reason we are now operating under a much freer system of granting licences, one which we believe will be of benefit to the industry itself.

I think that is all I have to deal with in connection with my own department and the air transport board. I am sure the Minister of Mines and Technical Surveys will deal more than adequately with matters which relate to the operations of his department.

Mr. Pickersgill: Would the minister permit a question? Would he say whether, when he overrode the decision of the air transport board, he was aware of the fact that this company had not complied, as the hon. member for Laurier said, with the request of the board to provide statements of financial responsibility and other information which the law requires any company to provide?

Mr. Hees: I was aware of that and the impression I had of that requirement was simply that the provision of charter air services is in no way different from the provision of so many other services provided by other industries to users in this country. Under the free democratic system, which we fought several world wars to preserve, a man has the right to enter business and lose his shirt, if he wants to, and nobody stops him doing it. If I want to go into business, in any line of business at all in this country, I can do so. Before going into business I do not have to prove that I have a certain financial stability. I have the right—and we jealously maintain that right in a democracy such as this—to go into business, and if I fail it is my own sorrow. For that reason the requirement referred to seemed a ridiculous requirement in these particular cases, where the service provided is not that of a scheduled air service, which is a definite service to the public. This is a charter service where those providing the service do so under no compulsion, and before contracting to provide a service they are satisfied that the terms under which they will be providing that service are satisfactory to them.

For that reason I felt that the requirement under which the board was operating in this particular regard was one which I did not agree with and, therefore, I considered it did not affect me in any way in granting this licence.

Mr. Speaker: I am disposed to regard the matter before the house, raised by the hon. member for Laurier (Mr. Chevrier), as a separate subject, and therefore I would recognize those who wish to speak on that subject in priority to others. The minister wishes to speak on the subject?

Mr. Comtois: Yes.

Mr. Speaker: Are there any other members who wish to speak on this subject. I may be mistaken in the procedure I am following, but it is my view that when the motion before the house is that I leave the chair, with no amendment outstanding, we are really under grievance procedure as we would be on a motion for the Speaker to leave the chair to go into committee of supply. That, I think, is the reason why the rule calls for a vote before the maximum time limit of the debate is reached. If hon. members agree with me on that I will follow that course for the remainder of this debate.

(Translation):

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I just wrote down a few notes during the speech made by the hon. member for Laurier (Mr. Chevrier), who was kind enough, this morning, to notify me of his intention of dealing with the matter of a contract awarded to Autair Helicopter Services Limited.

The hon. member for Laurier has an axe to grind. That is obvious. And I even wonder whether his intervention today, and the grievances he voiced, are not perhaps related to the fact that one of the top officials of

Okanagan Helicopters is the former election organizer for ex-minister Sinclair. There might be some connection between the two circumstances. However, I would not like to vouch for it, because I have no information to that effect. If I am mistaken, so much the better.

The hon. member for Laurier, it seems, wants to raise a storm in a tea cup. He imagines there has been a scandal, that there were false representations, in other words something irregular in the contract awarded to Autair Helicopter Services Limited. My department has nothing whatsoever to do with licences or prices submitted to the transport commission. That is not our job. It is the responsibility of the Department of Transport, and the minister replied to that. He said what he had to say with regard to the duties of his department.

With regard to matters that concern us, we were called upon to award a contract in the north for a survey and inspection expedition in the Arctic. We asked companies having the required qualifications to submit prices. We did not call for tenders because, as I had the opportunity to say in reply to a question asked in this house, prices are established in advance by the transport commission, and the duty of my officials is to determine the best possible price so as not to pay more than required, that is, to obtain the most economic price to the department, to the government and to the whole country. That is what we did. There was no intention, as stated by the hon. member for Laurier, of awarding the contract to the Okanagan Helicopters Company. That letter was never sent, so I am informed by my department. Therefore, when the hon. member states that the letter was sent, I think he was misinformed.

Second, I asked that the tenders sent in by the various companies be examined, and that the matter be fully considered, always in keeping with the economic aspect of the contract. It was established that for a hundred hours of flight a month by a Bell-47 G the Kenting Helicopters Limited submitted a price of $97,560, whereas the Autair Helicopters Services Limited, quoted $93,600, the Spartan Air Services Limited, $91,200 and the Okanagan Helicopters Limited, also $91,200.

Therefore, as far as that part of the contract was concerned, the price quoted by Autair Helicopters for a Bell-47 G plane was of course, not the lowest. However, with regard to the S 55 plane, the Autair Helicopters Company had asked for an amount of $109,200 whereas the Okanagan Helicopters Limited, the Spartan Air Services Limited as well as the Kenting Helicopters Limited were quoting $115,200. Therefore, the Autair Helicopters Co. had submitted the most favourable price, that is, $109,200. When awarding contracts, the department has to consider the total cost of the expedition, and this was done.

We acted in a perfectly proper way. I wanted to avoid any unfairness.

Mr. Speaker, I must point out that I am totally opposed to monopolies, and I can say quite frankly that having gone over the file, I found that Okanagan Helicopters Limited had always got the contracts, on the basis that it had a monopoly on experience. Thus the government was at the mercy of a firm which claimed to be alone in having the required experience in the north—

Mr. Chevrier: There are three others.

Mr. Comtois: Mr. Speaker, if there are three others, one of them is the Autair Helicopter Services Limited. It has as much experience as any other, because it is a matter of piloting, and if the pilots of that firm have experience in the north, they are just as qualified as those of Okanagan Helicopters Limited or of any other firm. That type of experience can be compared to driving experience; a good driver avoids the hazards of the road.

Mr. Parizeau: Let him have it, Mr. Minister.

Mr. Comtois: The pilots of Autair Helicopter Services are as qualified as those of Okanagan Helicopters Limited, of Spartan Air Services Limited or of Kenting Helicopters Limited.

We took every proper precaution, and decided to grant the contract to Autair Helicopter Services. Incidentally, Mr. Speaker, I might say that I do not know the president of that firm. I had no confession certificate to expect from him.

Mr. Parizeau: He was not your organizer.

Mr. Comtois: I have not gone into the matter that far; I am not interested in the personal life of company presidents. I do not care whether he had been in some other country, across the border or even abroad. We are dealing with the directors of the company and we are satisfied that we will get excellent service.

We followed the standard practice and the lowest tender was accepted. That is the course my departmental officials decided to follow. No other consideration than the lowest tender entered into the award of the contract to Autair Helicopter Services Limited.

I am glad that this course was followed, even if the president of that company is not one of the friends of the hon. member for Laurier (Mr. Chevrier), nor a friend of the hon. members opposite. I did not ask the president about his political affiliations. I do not know what they are. But now the Okanagan Helicopters Limited will not be the only company with experience in the north.

The pilots of Autair Helicopter Services Limited acquired experience on the D.E.W. line, and I can assure you, Mr. Speaker, there is not much difference between the D.E.W. line and the areas where those aircraft will fly. I believe that to get Arctic experience you always have to start somewhere and if, each year, we keep saying that we must carry on only with people who have previously worked in the area we might just as well not call for tenders from any one and tell the Okanagan company—

Mr. Parizeau: It had been a Liberal monopoly.

Mr. Comtois: — "You have the monopoly, so go ahead." Mr. Speaker, I felt we had to be fair to everybody and that we should consider the tenders in the light of the projects we had in mind. Everything has been done on the up-and-up and there is nothing further I can say on the subject.

(Text):

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wish to say a few words on the subject raised by the hon. member for Laurier (Mr. Chevrier) simply in reply to what has been said by the two ministers who have spoken. I do think that the Minister of Mines and Technical Surveys (Mr. Comtois) would have been well advised to follow the example of the Minister of Transport (Mr. Hees) who treated this subject seriously, dealt with it on its merits and did not make unworthy insinuations about there being any political matters involved here.

Some hon. Members: Oh, oh.

An hon. Member: Does the truth hurt?

Mr. Pickersgill: I might also draw hon. members' attention to the fact that when the two ministers were speaking we listened to them with politeness and without interruption.

Mr. Bell (Carleton): As the hon. gentleman did last night?

Mr. Pickersgill: It seems to me that on a matter as grave as this, hon. gentlemen on the back benches would be well advised to speak when their turn comes.

An hon. Member: We will.

Another hon. Member: What did you do last night?

Mr. Speaker: Order. I trust hon. members will observe the rule against interruption while the hon. member has the floor.

Mr. Pickersgill: I have no new argument, Mr. Speaker, but I want to debate what has already been raised by my hon. friend from Laurier. The Minister of Transport said that when he overruled the air transport board he thought that these conditions having to do with financial responsibility and capacity to perform, about which I asked him a question, were unimportant, and that anyone in this free country was perfectly entitled to enter freely into any kind of business. Of course, that is not true. One cannot enter into the railway business without getting a charter from parliament or from a provincial legislature. I am also reliably informed that one cannot go into the taxi business in most large municipalities without satisfying a board of one's financial competence and one's capacity, and in many cases the supply is limited so that the public will have some assurance of the capacity of the operators and also some assurance that the people who are operating the taxis are reliable members of society. One could go on to give many other examples both in the federal and provincial fields and under governments of every political complexion.

Mr. Hees: On a question of privilege, may I correct a misapprehension? I was not dealing with the ability to operate; I was simply dealing with the amount of finances behind the company. With respect to ability to operate, my department has very strict safety regulations, and any company that cannot comply at all times with these safety regulations is not allowed to fly.

Mr. Pickersgill: I am very glad that the minister has made that correction because I do not want to be unfair in any way about this matter. But I will draw the minister's attention to the fact that the hon. member

for Laurier made certain very precise statements on this point. He said that this company, at the time the minister removed the restriction against it with respect to the use of large helicopters, did not own any large helicopters at all. He went on to say that Autair did not own any large helicopters at the time they were asked by the Minister of Mines and Technical Surveys to bid on this business.

Mr. Hees: Would the hon. member permit a question? I should like to ask him how a company could ever operate with large helicopters before having obtained a licence? Why in the world would they ever buy these large helicopters until they had obtained a licence to operate such large helicopters? Otherwise they would simply have a lot of white elephants on their hands which they could not use.

Mr. Pickersgill: If the minister had listened carefully to the hon. member for Laurier I think he would have had the answer to that question. This company does seem to have had an unenviable record of operating small helicopters for some considerable time without any licence on the pretense that they were operating them for demonstration purposes, but at the same time taking good care to recoup themselves for those operations later, if my hon. friend was correctly informed, from the government of Quebec. It does not necessarily have to be the case, but I think there is something in the contention of the Minister of Transport that perhaps this company would not have acquired helicopters until it was assured that it would have a licence to operate.

That does not at all dispose of the other statement by my hon. friend, namely that in 1960, many months after the minister had quashed the decision of the board, this company still had no large helicopters when it and these other four companies were invited to bid on this survey work in the north. That is what my hon. friend alleged, and he also stated that one of these companies, Pacific, I believe, was ruled out of the bidding because it did not own any large helicopters. I think the house and the country are entitled to know why Pacific was ruled out and Autair, in exactly the same circumstances with no large helicopters, was not ruled out. They had had a licence for some time but they had no large helicopters. That is quite serious.

Moreover, it was shown in the evidence before the board, which my hon. friend read, that this company had very little experience in operating small helicopters and did not even own a large helicopter. Yet they were preferred over three experienced operators qualified in every way to do this work. It does seem to me that in this contract there was no question of private enterprise. Maybe if some private company was going to hire Autair there perhaps would not be the same concern about the matter. I say "perhaps"; I am not sure about that. But what is the Minister of Mines and Technical Surveys going to do? He is going to send these people up to the polar shelf. He is going to send public servants in these aircraft and endanger their lives. Their lives will be endangered no matter who does the work because those of us who have had some experience of travelling in helicopters know that this is not quite the safest form of travel. It does seem to me, that before the minister allows this to happen, allows the lives of these public servants to be in danger, in the light of what my hon. friend from Laurier has placed before the minister there should be the fullest investigation of every allegation put forward this morning. No one should make light of these allegations.

There may be nothing in this story in *Newsweek*. It may have no foundation whatever. My hon. friend from Laurier made it very clear he did not know whether or not it was true. We all know that this is a very reputable publication. We all know that the diplomatic correspondent would not just publish gossip and hearsay. This magazine is subject to the libel laws and other laws of that kind in the United States. It does seem to me that if the two ministers, or either of them, did not know about these statements beforehand they should now be very hesitant about sending this company, in the face of that story, up to the Arctic, right on the edge of the iron curtain. They would be sending someone who, according to this reputable United States publication, at one time was supposed to have been smuggling aircraft parts behind the iron curtain.

I do not believe we should prejudge this case; that is the last thing we would ask. But we think it should be investigated and cleared up. The minister should remember what happened in this house earlier today in connection with this unfortunate woman in British Columbia who is going to be deported from this country apparently merely because of a suspicion she may be a danger to the security of the country. I am not questioning that at this moment. I am saying when we take that kind of precaution in that case, surely it is not asking anything excessive when my hon. friend from Laurier, as he did in his closing words, requested the members of the government to clear this thing up and clear it up without any equivocation, before we let a company headed by a

man against whom allegations of that kind were made in a reputable United States journal undertake this kind of work on the polar shelf.

Then, there is one other statement with which the Minister of Mines and Technical Surveys did not deal. I refer to the very serious statement made by my hon. friend from Laurier. The hon. member says he is informed—he did not say that he knew but that he was reliably informed—that five bids were submitted originally. One was disallowed and the other four were considered. A decision was reached by the department in favour of one of those companies and unfavourable to Autair, and then a change was made and Autair was allowed to make a second submission while the other companies apparently were not. I do not know anything about whether or not that is true. I have not the faintest idea whether or not it is true because I have made no personal investigation into this matter at all. I listened to the hon. member for Laurier as he was speaking, and I tried to listen very attentively. I think that is what he said. I believe, that is a point that should be cleared up, and cleared up seriously, not brushed off with a suggestion there are some petty politics in this matter.

It seems to me that these are the five points. First, this company has refused to demonstrate its financial worthiness to the air transport board. Is it financially competent to carry out a contract with the government of Canada? Surely the minister or the treasury board would satisfy themselves about that. When we ask a contractor to build a small post office in the maritime provinces, as my hon. friend from Levis (Mr. Bourget) knows, we satisfy ourselves he is financially competent to do it. According to the evidence before the board, this operator refused to satisfy them of his financial competence, refused to answer their questions, and to the best of our knowledge that has never been cleared up. Yet he has been given a contract which was refused to other companies with demonstrated financial competence.

Then there is the question of safety, the fact that this company has never operated one of these large helicopters. This company is preferred over other companies to carry scientists and other public servants into this area. Then there is the very grave question of national security. It seems to me before this contract proceeds these matters should be cleared up and cleared up to public satisfaction.

Mr. Bell (Carleton): I should like to raise a point of order, and I do so because of the doubt which Your Honour expressed as to the correctness of the procedure which we have been adopting. I ask that this procedure should not be considered a precedent until Your Honour has had an opportunity to give mature consideration to it.

It seems to me when the house has before it a motion to resolve itself into committee of ways and means, the budget, that the procedure on supply motions in respect of grievances is not appropriate thereto. I venture to submit to Your Honour that it is incongruous on the eighth day of the budget debate that any hon. member should be able to raise a subject which is totally unrelated to the budget and should thereby preclude discussion of the budget itself. It is true that under the ordinary motion for the house to resolve itself into committee of ways and means, under citation 234, on Monday and Tuesday, it is possible for any member to ask for the redress of any grievance. I suggest, however, that does not apply where the situation is as set forth in standing order 58, subsection 2, which provides for the debate on the motion for the house to resolve itself into committee of ways and means, the budget. My submission is that this motion related as it is to the budget is different from the ordinary motion which is referred to in citation 234.

I rise only to speak at this time so that this procedure will not be considered as a precedent before Your Honour has had an opportunity to give mature consideration to the problem.

Mr. Chevrier: I should like to speak to the point of order, if I may.

Mr. Speaker: Perhaps we might call it one o'clock. Will the hon. member be here after the adjournment?

Mr. Chevrier: Yes.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at two o'clock.

Mr. Chevrier: Mr. Speaker, I do not want to argue this point of order at any length because I do not think I am too much in disagreement with the hon. member who raised it. The only purpose of my rising on the point of order is to make it quite clear to you, Mr. Speaker, and to the house that I had a perfect right to discuss anything that I felt like discussing on the budget because, after all, the letting of a contract and the expenditure of public moneys comes entirely within the budget. Whether it is a specific

matter or a general matter, I do not think makes any difference. That was really the only purpose of my rising.

On the other hand, if I may add this, it may well be that because of the right I feel I have and because of the point that has been raised by the hon. member for Carleton (Mr. Bell) Your Honour may feel that this is a point to which Your Honour should give consideration and if Your Honour did feel that way certainly I would be quite happy to abide by that decision.

Mr. Bell (Carleton): Mr. Speaker, I do not disagree with the hon. gentleman's right to raise the particular issue he did. My point of order relates only to the question of whether, when the hon. gentleman raises that issue, all debate thereafter on the eighth day shall be confined to the issue which he raised.

My submission is that in a case where it is a motion to go into committee of ways and means, the budget—and that I emphasize—there is not that confinement to the particular grievance that has been raised by a particular hon. gentleman. The hon. member may raise whatever he wishes although I may have some views as to the wisdom of a senior privy councillor doing so.

Mr. Chevrier: I have been trying to be friendly to my hon. friend in not disagreeing with him but the position a senior privy councillor takes is his own decision and should not be reflected upon by the junior hon. member for Carleton.

Mr. Martin (Essex East): Mr. Speaker, I wish to say just one word. When this point was first raised I found it difficult not to agree with the position that had been taken on the other side with regard to the interpretation of the rule. I think there are occasions when we should seek to strengthen our procedures by not being afraid to assert positions that are taken by those who sit opposite. This may be one of those occasions.

My submission is that if there has been a violation of the rules the violation was not on this side. The violation would consist in the participation by two ministers, one after the other, without observing the traditional practice of this house of providing for alternations between the various parties.

Mr. Speaker: I take full responsibility for the order in which hon. members spoke in this matter. Perhaps I was presuming too much on my own authority in suggesting the procedure we followed today which was not the procedure followed last year, the year before or in fact since the rule was amended in 1955.

[Mr. Chevrier.]

I have given some thought to the question of what happens after the amendment has been disposed of on the motion to go into committee of ways and means, the budget. It struck me—and I think perhaps hon. members who were on the committee which revised the rules may be able to verify this—that the reason the vote was provided for on the seventh day, leaving a full day for further discussion, was to provide on the budget debate an opportunity for a discussion of this kind. A motion of this nature like a supply motion is connected with the voting of moneys for the crown and is preceded by the airing of all the grievances parliament has to air. However, as this debate has been entered upon in the expectation that it would follow the usual pattern I think it would be very imprudent for me to attempt to change horses in midstream and that we should conclude the debate in the way it has been done in the last few years.

Perhaps if and when the committee is set up to consider these matters some thought might be given to the wisdom of the course which I have suggested earlier today because it makes a connected discussion of a grievance possible. It concludes that grievance and another is then entered upon. And then, in supply motions, it gives more members an opportunity to speak than happens when hon. members are speaking at large.

Therefore I quite readily accept the suggestion of the hon. member for Carleton (Mr. Bell) that this matter be given further consideration. There is time for perhaps only two more speeches and unless some other hon. member has something to say on this subject we shall proceed.

Mr. Fleming (Eglinton): Mr. Speaker, I am impelled to say just a word or two on this point of order by reason of the reference to the committee which revised the rules of the house. I think I am the only hon. member in the chamber at the moment who was a member of the committee which revised the rules which became effective in 1955. That committee sat through three sessions.

I may say that the reason for providing for the votes on the subamendment, the amendment and finally on the main motion on different days was not the reason that you purported to assign to it at all. It was to avoid a situation which had become altogether too common where the debate purported to continue on the submendment and then, when the debate had run its course, there were three votes taken in quick succession on the subamendment, the amendment and finally on the main motion. It was thought in the committee it would be better to space out the votes. It was not done at all, I assure you,

on the part of the committe with any thought that by having provided that the vote on the main motion should come at the conclusion of the seventh day the debate on the eighth day should change its nature. It still continues as part of the debate on the budget. It does not change its character and become assimilable with the normal procedure on a motion to resolve the house into committee of supply or a motion to go into ways and means in which case we would have the normal provision for airing grievances.

I think on the eighth day the house and the debate are in much the same position as at the time of launching the debate originally on the part of the first speaker from the opposition side of the house. He ranges widely, usually over many matters, and then winds up his speech by offering an amendment. I think the amendment and the subamendment now having been disposed of, the debate is in the same position as it was at that time. It is still a debate on the budget and is not a new debate of a different nature, resolving itself simply into a matter of raising individual grievances and exhausting each before another is raised.

Mr. Speaker: May I refer to Beauchesne's fourth edition, citation 229, which rather bears out the contention raised by the hon. member for Carleton (Mr. Bell):

When an amendment for the Speaker's leaving the chair has been negatived, no further amendment can be moved thereto; though general debate on the main question can be maintained by those members who have not exhausted their right to speak to that question.

The other citation which is relevant is citation 234, which rather supports the view I have taken.

Mr. Speakman: Mr. Speaker, may I raise a question of privilege. Immediately before the luncheon adjournment the hon. member for Bonavista-Twillingate (Mr. Pickersgill) rose and left the implication that Conservative backbenchers particularly were guilty of discourtesy while he was speaking, this coming from a member who interjected 62 times during the address of the Minister of Finance (Mr. Fleming) last night.

Mr. Pickersgill: Mr. Speaker, I very cheerfully apologize to anyone whose feelings were hurt.

(Translation):

Mr. Roland English (Gaspe): Mr. Speaker, almost two weeks ago, the Minister of Finance (Mr. Fleming), presented his budgetary estimates. All the galleries of the house were jam-packed.

Mr. Chevrier: Jam-packed?

Mr. English: People had tuned in on the radio or were staring at their T.V. sets. The message was, indeed, important. A thunder of applause greeted the minister's arrival; then there was silence.

Mr. Chevrier: Where was the brass band?

Mr. Pigeon: Not on the Jacques Cartier bridge, surely.

Mr. English: You are being the brass band right now. In a calm voice, the Minister of Finance spoke the first lines of his text in impeccable French. There was another thunderous burst of applause.

That man, Mr. Speaker, had just made a friendly gesture toward the Canadian population which welcomed that expression of understanding on his part. I am saying "Canadian" because the reaction was favourable, not only in Quebec but throughout the country.

Though, unaware of it at the time, the Minister of Finance was replying to a vicious and unfair attack by a C.C.F. member, for whom I have no animosity, but who does not seem to know the province of Quebec at all and who does not seem to wish to know it. That attack came a few days later. The conclusion to be drawn from that, Mr. Speaker, is that we must blame the one who has a sense of responsibility, but forgive the one who has none. Why attack a population which has always worked in co-operation with other provinces, for the greatness and progress of Canada as a whole and in favour of a sound national unity?

Recently, Hon. Antonio Barrette, the premier of Quebec confirmed what I am now saying by expressing the real feeling of the province of Quebec, when he met in Toronto with hon. Mr. Frost, the premier of Ontario and the hon. members of the legislature.

Hon. Mr. Barrette did something which is much more eloquent than any words can say, and I will simply quote what the *Globe and Mail* of Toronto reported on April 8, 1960:

(Text):

For the first time since confederation the premiers of Ontario and Quebec yesterday stood in the same legislative assembly.

And the pledge of eternal friendship and partnership that was associated with the union of 1867 was enunciated again clearly by Premier Frost and Quebec's Premier Barrette.

Symbolicly the two premiers stood near the Speaker's throne over which is inscribed the date of the first pledge of national unity made 93 years ago.

Premier Frost said that it was with a deep sense of honour that the Ontario house greeted the Quebec premier, who represents "our neighbours and partners from the beginning."

"They have always been our good partners, our good friends... We ask you, sir, to take back to your people our affectionate regards," said Premier Frost.

Premier Barrette told the legislature that he had intended to speak from notes.

"But I put them aside and very simply speak to you from the bottom of my heart," he said.

"We are partners," he said. "We have always been partners, even when we sometimes thought that we were not. We have fought together... we will remain partners."

Premier Frost said that the challenge of 1867—to build a nation of French and English culture—has been achieved.

And opposition leader Wintermeyer said that the present Canadian challenge is the same as that faced by Macdonald and Laurier. They had fought to build a nation against all economic odds and with a union of two cultures. Today the challenge was to build an even greater nation from many different cultures besides English and French.

(Translation):

Is it not true, Mr. Speaker, that such a gesture deserves to be emphasized, and is it not another proof that all provincial premiers want to show to the country that they want to unite and co-operate in carrying out a wish close to the heart of each and everyone of us? I refer to the desire for mutual understanding and love and for co-operation in working for Canada's future and for the progress of every Canadian of any origin, race or creed.

(Text):

Mr. Speaker, I would like sincerely to congratulate the hon. member for Timmins (Mr. Martin) for having addressed a few words in the beginning of his speech in the chamber yesterday in I might add very good French. The hon. member gave an example of what we call real national unity.

(Translation):

Coming back to the Minister of Finance, I should like to quote an article from *La Presse* for April 1, 1960:

Fleming starts his speech in French.

Though not wearing a blue carnation on his lapel, as he had last year, but smiling broadly, Finance Minister Fleming was greeted in the House of Commons yesterday with thunderous applause.

The applause doubled when, directly in French and without any English preliminary, he opened his speech with these words: "Mr. Speaker, for a third time it is my honour and privilege to present to the house the annual budget". By this, the minister renewed a precedent set by himself in June 1958 when he brought down his first budget. In that year, it was the first time in Canada's history that a minister of finance delivered parts of his budget speech in French. Last year, Mr. Fleming confirmed the precedent by delivering three lengthy parts of his speech in French. This year, he went further and opened his remarks in the language which, as he said, "has so gracefully adorned the proceedings of this house and holds a secure constitutional position in the Canadian parliament."

[Mr. English.]

Apparently, the opposition is not too satisfied with the budget. That is probably due to the fact that it has too many qualities.

Its first quality is balance. Mr. Fleming has an acute sense of reality, and so far, his judgement has been born out by the facts.

Here is what the *Gazette* for April 1, 1960 had to say on the subject, and I quote:

(Text):

Mr. Fleming has decided that the trends and impulses set in motion by the tax changes for 1959-60 will be sufficient to reach the desired result in 1960-61. This result is, of course, a balanced budget.

(Translation):

This is what we read in *La Presse* of April 1, 1960:

Observers had unanimously forecast that Mr. Fleming would present a balanced budget. As a matter of fact, the Minister of Finance gave us, as we put it elsewhere, a super-balanced budget, providing a slim margin of $12 million on a budget of $5,892, million, without considering the $600 million or so which the old age security program would cost.

He did not even slightly increase taxes, trusting only in the continuance of the present economic rhythm.

In a serious effort, the minister was able to realize the miracle of foreseeing a surplus while not increasing taxes. The surplus is $12 million.

To balance a budget is one thing. Not to increase taxes and tariffs is even better. But to offer salary increases is just splendid. And that is what the Minister of Finance achieved in his last budget. The people owe him their gratitude, and deserving government employees joyfully welcome such generosity.

The Conservative party does not choose roundabout ways. It attacks in a straightforward manner problems that are sometimes very complex, and obtains results about which each and everyone can marvel and which throw the opposition into the deepest gloom. Now that is what *Montreal-Matin* of April 1, 1960 said:

Fifty thousand civil servants are benefiting from salary increases. When announcing the decision, Mr. Fleming however warned that the days of "across-the-board increases" were past and that such increases would from now on, be granted after thoroughly considering each category and the functions attached thereto. The increases, averaging about $300 a year, will be granted mainly to clerical and stenographic categories.

The last general salary increase granted to federal civil servants came on May 1st 1957.

The increase, which will be effective tomorrow, will cost some $15 million to the treasury.

Not only do civil servants benefit from the wise Conservative administration, but widows

too can count on improved benefits. It is in time of difficulty that we recognize those who are sincere. The minister wanted to give some protection to this category, and rightly so.

The budget is also an example of shrewd administration. There is no more one-way contribution to the old age pension item. Quite the contrary, it is a period of prosperity. And that is something the opposition cannot get over. You can be sure, Mr. Speaker, that they will not say a word about it. I wish to quote *La Presse* of April 2, 1960:

First surplus for the old age security fund.

For the first time since its establishment in 1951, the old age security fund will have a surplus in 1960-61, Mr. Fleming announced in his budget speech.

This is due to the tax increases enacted last year and which became effective in April in the case of the sales tax, and in July in the case of personal and corporation income taxes (1 per cent).

Due to this tax increase, the deficit in 1959-60 was only $24 million.

In 1960-61, after a full year of increased taxes, the old age security fund will receive $630 million while its payments will reach $590.

The surplus will therefore be about $40 million and overshadow last year's deficit.

From January 1951 to March 1960, the fund accumulated deficits totalling $630 million.

On that amount, over $500 million were paid out of general revenue and in 1954 a sum of about $100 million was charged against the reserve carried under the productive assets account.

My purpose in quoting from various newspapers, Mr. Speaker, was to present a more representative sample of public opinion. That opinion is favourable everywhere. Members of the opposition form the only dissenting group. They are unhappy in Quebec, and none the happier in Ottawa. The population has long been wise as far as Quebec is concerned, and as for Ottawa it has at last become wise to the one-time-great Liberal party, a great party, Mr. Speaker, which has lived to regret its past glory.

In the speech he made in this house on April 8, 1960, the hon. member for Richelieu-Vercheres (Mr. Cardin), said that the unemployment insurance fund, which amounted to $874,574,000 in 1957 was down to $408,145,000 in 1960.

I understand, Mr. Speaker, and I am willing to admit that the number of unemployed has increased these last years, and members of the opposition also are willing to admit it, because they know quite well that in 1956 the recession was starting and promised to be worse.

They still remember quite well that they received a report from the economists and that, in order to win the election, they thought it advisable to hide that report somewhere in an office to prevent the people of Canada from knowing that things were looking bad.

But on the other hand, it must not be assumed that that increase in the number of unemployed is the only cause of this difference between 800 million and 400 million. It would be more proper to give the facts as they are, without attempting to mislead the public.

I shall therefore point out other facts that have contributed to this reduction.

The period of benefits has been extended from 36 to 52 weeks. This has tended to decrease the unemployment insurance fund. Unemployment insurance for fishermen, which has been in force since the fall of 1957, has greatly contributed to this decrease.

The increase in benefits provided by the present government has also reduced the fund to a great extent.

Moreover, the maximum salary allowing entitlement to benefits has been raised from $4,800 to $5,460 which had the immediate result of increasing by more than 80,000 the number of persons qualifying for unemployment insurance benefits.

Here again, Mr. Speaker, the increase in the number of those in receipt of unemployment insurance has also materially contributed to a decrease in the unemployment insurance fund.

There are also the married women who, formerly, could not get unemployment insurance benefits on account of certain restrictions. The Conservative government has removed all restrictions, so that today all those women can get unemployment insurance benefits like anyone else. There again, Mr. Speaker, that change brought about by the Conservative party, has helped to deplete substantially the unemployment insurance fund.

Mr. Speaker, we have also heard opposition members state here that several industries had closed down. I should like to say a few words about that matter which is, in my opinion, of a very great importance. I shall refer particularly to the province of Quebec and point out to the house that if some industries have shut down, there are several others which, for several years now, have been well rooted in Quebec.

Let us glance at a report entitled:

Industrial Progress 1958

On page 13, we read the following:

Investments in primary industry and construction rose by 21.1 per cent in 1958 compared to the average for the years 1948 to 1957. In 1958, investments in these two industrial fields are estimated at $241,000,000 and represent 9.4 per cent of total investments for the year.

In 1958, governments and institutional services made new capital investments to the amount of

$429,800,000 or an increase of 37.9 per cent compared to the years 1948-1957 when the value of annual investments averaged $311,600,000.

In the trade and finance section, investments rose from the $133,500,000 average for the years 1948 to 1957, to $195,800,000 in 1958, an increase of 46.7 per cent.

Page 14

During the 1958 new capital invested in the manufacturing industries was distributed as follows:

Paper products	$71,400,000
Non-ferrous metal products	58,400,000
Chemical products	46,300,000
Food and beverages	43,100,000
Transportation equipment	41,100,000
Iron and steel products	28,200,000
Petroleum products	24,100,000
Electrical apparatus and supplies	21,300,000
Non-metallic mineral products	19,000,000
Textile products	18,000,000
Wood products	7,800,000
Other groups	71,000,000

New enterprises and enlarged establishments

Much is being said, with boastful joy, about industries having to shut down. Some seem to be happy about it. But I would suggest—and I am referring to the province I know quite well—that in the province of Quebec, there are new firms and several enlarged establishments. We read in that same report:

Concrete evidence of the rapid expansion our manufacturing industry is undergoing can be seen in the fact that, during 1958, more than 328 new manufacturing establishments went into operation in the province and 171 existing plants were enlarged during the same 12 months. These figures represent only new enterprises and additions to existing ones brought to the attention of the provincial industrial commission up to December 31, 1958. There can be no doubt but that a complete census would reveal much higher figures than those quoted.

During 1957, there were 262 new establishments and 159 were enlarged. Therefore, in 1957 and 1958 alone the total figures are as follows:

New manufacturing firms	590
Establishments enlarged	330

Numerous industrial projects

A great many industrial projects planned for the current year have already been brought to the attention of the provincial industrial commission; by the end of January 1959 the number had attained 139. Several of these are large undertakings. The few listed below represent a total investment in the neighbourhood of $300,000,000.

In proof of this, and to convince my hon. friends of the opposition, here are the names of some of those industries:

(Text):

Canada Iron Foundries Limited, Canadian Steel Foundries, Gattuso Corp., Canadian Car Co. Limited, Proctor and Gamble Co. of Canada Limited, Continental Paper Products, Avon Products Limited, British Petroleum of Canada Limited, Miron et Frères Limitée, Sogemines Consultants Limited, Montreal Cottons Limited, Steel Co. of Canada Limited, Quebec Iron and Titanium Corp., Lignosol Chemicals Limited, Quebec Cartier Mining Co., Walter M. Lowney Limited, Reynolds Aluminum Co. of Canada Limited.

[Mr. English.]

(Translation):

Mr. Speaker, I believe the situation is not so bad; and while much is being made of the few industries that have closed down, those are things which happen and which will always happen. It should not be said that it is due to the recession. There is one point, however, that we must take into consideration, and that is management. Some people are more experienced in management than others. And bad management may be a reason for the shut-down of a plant.

I should like also to say a word, Mr. Speaker, about mines. Here is what we find in that same report:

Since the end of the war, the province of Quebec's mining industry has expanded to a remarkable degree; in fact, the total value of mineral production rose from $91.6 million in 1945 to $443,808,980 in 1957, an increase of 384.5 per cent. During the same period, the value of metals increased from $48.1 million to $238.8 million, while that of industrial minerals rose from $29.0 million to $120.6 million, and building materials from $14.4 million to $85.0 million. Around forty thousand workers are employed in various branches of the mineral industry and their total earnings are in excess of $135 million a year. The same industry's expenditures for fuel and electricity amount to more than $50 million a year.

The total value of mineral production in Quebec during 1958 adds up to around $395.6 million, which represents a large increase over the average for the years from 1950 to 1956, which was $299.8 million. Half of this total value or 50.7 per cent represents that output of metals which reached about $200.4 million; that of industrial minerals was $107.3 million or 27.1 per cent and building materials accounted for 22.3 per cent $87.8 million.

And, Mr. Speaker, I still quote from the same report, where it says:

The mining of iron ore is by far the most important feature in the development of our mineral resources, and although shipping only began in 1954, iron ore has ranked ahead of all other Quebec mining products, from the point of view of value, since 1957. At present, the greater part of our output of iron ore comes from the huge deposits in the area around Schefferville. The working of these deposits necessitated a capital expenditure in the neighbourhood of $250 million.

A 350-mile long railroad had to be built between Schefferville and the shipping port at Seven Islands on the north shore; the mining town of Schefferville, which now has a population of more than 3,000 was erected; two hydroelectric stations were installed to supply power to work the mines and operate the harbour facilities at Seven Islands, where the ore is loaded on board cargo vessels which carry it to the large consuming centres on the great lakes and the Atlantic coast. Between July 31, 1954, and the end of 1957, the Iron Ore Company of Canada shipped around 34 million tons of ore on some 2,228 cargo ships.

Extensive work is being carried on preparatory to the development of large iron ore deposits in the area of Mount Reed, some 160 air miles north of Shelter Bay. This undertaking calls for large scale

projects, including the building of a railway 312 miles in length to link the mines to the North Shore; a shipping harbour at Port Cartier near Shelter Bay; a central electric station on the Hart-Jaune river, as well as two new town sites. One of the most interesting aspects of this project is the establishment by the Quebec Cartier Mining Company of large mills to refine the ore before shipment. The annual output of the mills will be 8 million tons of concentrates grading more than 60 per cent iron.

And, Mr. Speaker, here is what we also find in the same report:

Asbestos produced in 1957 amounted to $93.6 million, or more than the total value of Quebec's mineral output in 1946. About 65 per cent of the asbestos produced in the free world is mined in the province of Quebec. In 1958, three new concerns went into production. At Black lake, Lake Asbestos of Quebec has almost completed the draining of the lake and begun to work the huge deposits under its bed. At the same time Carey Canadian and National Asbestos began to operate their new mills which can produce 2,000 and 3,000 a day respectively. Lake Asbestos of Quebec alone will produce enough asbestos to increase the volume of Canadian production by 10 per cent.

Well, Mr. Speaker, do the facts I quoted not prove that our country's economy is in good condition? If we leave hovering in this house an impression that our industries in Canada are on the verge of bankruptcy, is it not bad publicity, does it not tend to discourage our friends the Americans from setting up industries in Canada?

That is why I wanted to state the facts today and show the real position of our Canadian economy.

Mr. Speaker, I have made a summary of the budget speech delivered by the Minister of Finance, to which I added a few considerations.

I also wanted to point out the economic development of the province of Quebec, a development which is occurring in the other Canadian provinces as well. We would be remiss if we did not tell the truth and give our whole country the publicity which must be given to it by those who are entrusted with its administration.

(Text):

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I want to congratulate the hon. member for Gaspe (Mr. English) on his profound admiration of the inconsequential.

An hon. Member: Who wrote that for you?

Mr. Peters: I have waited long and patiently to participate in the budget debate, and I and many other Canadians, I believe, are very curious about what took place in the house yesterday. The Leader of the Opposition (Mr. Pearson) spoke in the budget debate and I can agree with the Minister of Finance (Mr. Fleming) that he did not say anything particularly important.

Mr. Ricard: Would you understand it?

Mr. Peters: I have to ask myself this question. Why did the Minister of Finance rise in his place and take two and a half hours to tell the Canadian people that the Leader of the Opposition had not said anything of any importance and that his criticism was not valid? This would indicate to me that either the Minister of Finance did give some weight to the remarks of the Leader of the Opposition or he became so impressed with his own importance and liked to hear himself speak so much that he spoke for two and a half hours.

Mr. Ricard: Are you looking in a mirror?

Mr. Peters: It was not necessary for the Minister of Finance to do this on this occasion because he has proved in the past that he can speak at great length and that he has the ability to carry on a discussion of financial matters without saying anything new. He does not have to prove that.

We have had three budget speeches this year, two by the minister and one by his parliamentary secretary. I would have thought that in these three budget speeches we would have been able to find something to justify to some extent a feeling of exhilaration among the Canadian people as to benefits they could hope to receive. This may have been true for a very few people in the civil service but it is not true for many other people.

If we want to solve many of the financial problems facing Canada today I suggest we can do no better than to call on the Minister of Finance to resign and be replaced by the hon. member for Kootenay West (Mr. Herridge) who in speaking in the budget debate made a number of proposals that certainly were satisfactorily documented. He also did something that the minister has always failed to do. He pointed out that somebody is going to have to pay for increased benefits and that the money is going to have to come from some place. He went on to point out how the money could be raised.

It was interesting to listen to the remarks of the previous speaker. He pointed out that it was wonderful that the minister had been able to bring in a balanced budget and forecast a surplus of $12 million. He said that it was a most wonderful thing that some civil servants were going to get a raise and that the government was still going to be able to hang on to the $12 million. We all know that this is not correct. We all know that you cannot maintain the tax structure and increase benefits to the people.

We listened to the same argument last year with respect to increasing unemployment insurance benefits. Certainly we increased them

but we only increased them for about one-third of the people while at the same time greatly increasing the premiums paid by everybody coming under the scheme. This year we have a balanced budget but how is it being balanced? It is being balanced through the simple expedient of not giving to the common people in Canada the things that they need and deserve. I speak of the veterans who are in need of an increase in their pensions. Increased family allowances are necessary to maintain the standard of living for the children of this country. I speak of the old age pensioners for whom a new form of contribution must be devised so that we can continue to increase old age pensions as needed.

We also balanced this budget at the expense of the farmers and the unemployed of this country. For example, in the matter of family allowances, hon. members will recall that the rates were set in 1945, and they were raised in 1957. We also remember that at the time they were raised in 1957 almost half of the categories were changed so that, in actual fact, only about half of those receiving family allowances received any benefit from the change. It seems to me the time has arrived when we should be again supplying families the amount we originally set in 1945.

I believe that in so far as the veterans are concerned, everybody in the veterans affairs committee agrees that the pension needs to be increased. I do not believe there is anybody in the committee who disagrees with that view. We have been hearing these same people agree with this view for three years now and yet nothing has happened. Elmore Philpott, writing in the Vancouver *Sun*, had this to say:

> When Canada set up the very first war veterans pension scheme back in 1919, the stated fundamental principle was very simple. It was that the basic rate of full pension for a single man was to be equal to the going pay of a day labourer. That is what was then commonly called a "pick-and shovel man". We took over this fair principle from the British.

Then he goes on to show how this has actually worked over the years. In 1919 the civilian wage was $900 and the pension was $900; in 1948 the civilian wage was $2,080 and the pension, $1,128; in 1952 the civilian wage, $2,810 and the pension $1,500; in 1957 the civilian wage was $3,520 and the pension remained at $1,800.

> Notwithstanding the three substantial increases which were given from 1948 to 1957, the disabled war veteran is getting less than half of what all parties agreed to in 1919 as the fair and reasonable basis.

Mr. Brooks: I wonder if the hon. member knows that the same Mr. Philpott he is quoting is the gentleman who voted against an increase in veterans' pensions which I recommended and moved in the committee in 1952?

Mr. Peters: No, Mr. Speaker, I did not know that, and I certainly accept the minister's correction. However, this does not in any way change the accuracy of what I am quoting, and I am in complete agreement with these statements.

Mr. Brooks: I can tell the hon. member that what he is quoting is quite incorrect.

Mr. Peters: I should like to finish this quotation:

> Nobody in any government or party planned to make the disabled war veteran the victim of the process of creeping inflation, but that is how it has worked out.

I do not think this is incorrect. The minister may have quarrelled with the amount, but in days gone by I believe we agreed that a pensioner who was getting a 100 per cent pension, whether it was a war pension, old age pension or a pension granted in compensation by the various provinces, should get a pension that bore some relationship to civilian wages of the day. I am not sure whether the minister agrees that is the relationship. The value of these pensions has decreased very rapidly until today pensioners, particularly those from the first war, are not getting enough to enable them to live. I think this is the type of consideration that has been given that has allowed the Minister of Finance to balance the budget.

When the hon. member for Kootenay West was speaking in this budget debate he said it is true that the C.C.F. has always been desirous of a balanced budget. However, we do not believe in balancing the budget at the expense of the Canadian people. There are times, and there will continue to be times, when it is necessary to spend money to create work that is necessary to provide jobs. The full use of the productive assets of our country is the only way to have a balanced budget or to have a satisfactory arrangement so far as the Canadian people themselves are concerned.

I should like to go on to another matter which relates to a letter put out by a club in British Columbia, and I think it should be brought to the minister's attention. I believe conditions might develop that would not be advantageous to the Canadian people, and I do not think they will be advantageous or fair to the particular baseball club that is affected. This letter refers to the Mounties, a well known baseball club in Vancouver, and refers to the fact that you can buy tickets to the various games, the cost of

which will be deductible for income tax purposes. Here is what they say in the letter:

> Here are the various 1960 plans under which you can buy tickets for business—getting distribution to:
>
> 1. Your best customers
> 2. The people you want as customers
> 3. Your pro-company employees

I do not believe we can agree that you should be able to establish non-union employees, company stooges and the like, by allowing the cost of baseball tickets to be deductible for income tax purposes and allowing the tickets to be used to accomplish these purposes. This is something at which the minister must take a look. I am quite sure he would be willing to give consideration to changing this provision.

One of the special budget speeches was the one made by the hon. member for Carleton (Mr. Bell) this year. He commented on the civil service and made a number of statements as to what he thought would be satisfactory to a large number of these civil servants. I should like now to deal with the salary policy of the government as mentioned by the Minister of Finance in his budget speech, and also by his parliamentary secretary. These increases cover only 43,500 out of roughly 170,000 classified civil servants. While these increases are certainly a step in the right direction, when they are looked at in relation to the whole civil service they must be described as a small step indeed.

There is grave doubt among many civil servants as to exactly what their position is regarding salary adjustments. I have carefully followed this issue, and in particular the demands of organized civil servants. I must say that I have been somewhat surprised at the restraint they have shown and also the reasonableness of their requests. As you know, the tendency in private industry is to seek flat, across the board increases. However, I should like to draw your attention to a submission made to the Minister of Finance on February 24 by the joint action committee of the public service organizations. This is the organization described by an hon. member opposite as one led by a group of bludgeoning, bullying leaders. This is a statement that is a little difficult to rationalize with the tempered and reasoning arguments put forward at all times by these people.

In that statement to the Minister of Finance there was no question whatsoever of a flat across the board increase. The committee made certain points which in my opinion are worthy of noting again. They are as follows:

(1) That the civil service commission recommendations—whatever they may be—in their latest salary report should be implemented.

(2) Priority should be given in the budget to providing the funds necessary to raise the level of civil service salaries to a position of comparability with the salaries of employees in private industry, a position that few classes in the service even begin to approach.

(3) That the government undertake to maintain civil service salaries at levels comparable to those in private industry by regular adjustments to any classification, or group of classes, shown to be 3 per cent or more behind comparable industrial salary levels.

Where in these statements is there any reference to flat across the board increases? Where is there any attempt to bludgeon the government? It has always been my view as an observer and one who has had experience in industrial negotiations that the civil servants in this country generally have asked for no more than fair and equitable treatment from us their employers. Has the Minister of Finance given them this in his overcautious budgetary announcement? I think not.

Let us look at what has been done to date. I emphasize that promises will not pay the rent, that implied increases for others will not meet doctors' bills, and that many civil servants are frankly concerned as to exactly what is their position regarding adjustments of their salaries. The government in its wisdom has arbitrarily selected April 1, 1960 as the date for adjusting salaries. Yet the present salary anomaly was proved to exist as far back as October 1, 1958.

This is not a matter of my opinion or the opinion of any association, but the result of study by parliament's own agency, the civil service commission through its pay research bureau. This means that even including those who have received increases effective April 1, every civil servant in this country has sustained an average loss in salary of anywhere from $500 to $800 for the period. This, in effect, amounts to additional taxation. I suggest this is another means by which the minister achieved a balanced budget.

The super caution on the part of the Minister of Finance in making piecemeal adjustments has only tended to cause unease, trepidation and wonderment in the minds of many civil servants. There are 45,000 relatively happy civil servants today but there are another 125,000 who do not know exactly what to expect. Great anomalies have been created by this announcement. There are offices today where supervisory employees with heavy responsibilities are being paid

less than those who work under them. Technical, administrative and professional employees have seen traditional relativities destroyed by this piecemeal approach.

Hon. members who have studied the make-up of the civil service will recognize that it is a highly stratified society. Each class is divided into grades, and each grade on the scale is paid a higher salary than the one immediately under it. Such stratification means that there is considerable prestige attached to the position held. This prestige is part of the supervisory system and it is necessary if proper efficiency and discipline is to be maintained. Reduce the dollar spread and the whole structure is out of proportion.

The government must move with haste to restore the proper relationship between the various grades and classes. It is only fair that those civil servants in administrative and technical positions who have not received adjustment now feel that the government is completely unconcerned with maintaining or restoring the proper salary and supervisory relationships and differential in the various areas of the civil service. However, this particular situation is really not the true illness of government-staff relationships, but rather a symptom of something much deeper.

First of all, I think each and every hon. member of this house must accept some share of responsibility for the situation as it exists. How many of us have taken the time and trouble to truly study the problems of employment in the government service? How many of us have tried with sympathy to understand the position of the civil servant and his associations? How many hon. members actually have underlying feelings of resentment toward the civil servant and his organization for reasons that to me are vague? How many have truly studied the need for an effective system of collective bargaining within the government service? How many have taken the trouble to listen objectively to the viewpoint of the organizations? If we had, the present unsatisfactory salary situation of the moment would never have occurred. Does the government recognize the legitimate desire of government employees to have a form of negotiation that is honourable and fair to the employee, while at the same time protecting the rights of parliament in money matters.

I have taken the trouble to study the position of the associations on collective bargaining. Nowhere do I see them demanding the right to strike. In fact, none of the major organizations have suggested that the same legislation applying to the industrial situation should also apply to the civil service. With some minor exceptions, civil servants have no desire to strike or usurp the traditional and legal functions of this parliament to vote money to carry on the country's business. Nor have I seen any desire on the part of civil servants, either individually or through their organizations, to assume cabinet or management functions. To the contrary, they have never asked for anything more than a fair and equitable system that will permit them to sit down with their employer and discuss as equals the terms and conditions of their employment.

In the near future hon. members will be asked to consider a new Civil Service Act. The organized civil servants strongly believe that within the framework of this act there must appear legal provision for collective bargaining. I have not been impressed with the provisions of appendix B of the Heeney report. It is naive in its assumptions and, to my understanding, it completely ignores the legitimate aspirations of the employees. It has all the weaknesses of a unilateral compromise in that it fails completely to appreciate the need for participating in employment matters that now exist. It is too much concerned with maintaining outmoded traditional concepts that are useless in 1960.

There are definite precedents for bargaining for civil servants. The government of Saskatchewan has negotiated with its employees for 15 years. In Great Britain the Whitley system has worked well for many years. In Australia and New Zealand a form of negotiation has been worked out that does not for one moment usurp any of the rights or privileges of the government or parliament, but has provided the employees with a fair and honourable means of collectively solving their problems. In certain so-called backward countries government employees enjoy these rights.

How much longer can we keep our heads in the sand? Collective bargaining is an accepted fact of life today. Even the most reactionary private employers have accepted collective bargaining as being here to stay. This parliament has passed legislation to ensure that citizens at large, excluding our own civil servants, may organize and bargain collectively with their employers. Legislation in practically all provinces provides the same rights. By what logic, by what right, can parliament and the government deny its own employees the proper and accepted means of settling their employment problems in an honourable and dignified way?

Time will not stand still. Collective bargaining for government employees is inevitable. It cannot be achieved by unilateral decision but through a spirit of co-operation

and honesty by the government and civil servants and their organizations. A fair method can and must be worked out. It is time that the government and hon. members recognized that organizations in the civil service are here to stay and that they cannot be treated as evils to be tolerated but not recognized. Common sense dictates such an approach. The civil service is vital to the country's welfare. It must be well paid and provided with proper bargaining procedures if its efficiency and loyalty is to be maintained.

We have been pointing out that there are a number of factors involved in the opportunity the minister took to balance his budget. We believe the budget has been balanced at the sacrifice of the Canadian people and that this type of balanced budget is not necessarily in the interests of the Canadian people. We believe that consideration must be given to all the civil servants. Consideration must be given to retroactivity in our dealings with the civil service if we are going to operate in the manner in which we have operated in the past. We believe that consideration must also be given to the increasing of old age pensions, family allowances and veterans' benefits because these people are the victims in every case, as are all those with fixed incomes, of inflation for which this government is entirely responsible. Mr. Speaker, these are factors which must be taken into consideration in balancing the budget.

In conclusion I want to stress that this budget takes no account of the needs of the recipients of old age pensions, the needs of the civil servants and the needs of others with fixed incomes. It fails to indicate any government plan to deal with the chronic unemployment situation or with our depressed areas such as Elliot Lake, and other places. It fails to offer any plan for dealing with our trade imbalance and with the potentially high, I might say dangerous, influx of foreign equity capital into Canada. For these reasons, Mr. Speaker, this group will oppose this budget.

The house divided on the motion (Mr. Fleming (Eglinton)) which was agreed to on the following division:

YEAS

Messrs:

Aiken	Beech
Aitken, Miss	Bell (Carleton)
Allard	Bell (Saint John-Albert)
Allmark	Belzile
Anderson	Best
Asselin	Bigg
Baldwin	Bissonnette
Barrington	Bourbonnais
Baskin	Bourdages

Division

Brassard (Chicoutimi)	MacInnis
Brooks	MacLean (Queens)
Broome	MacLellan
Browne (St. John's West)	Macquarrie
Browne (Vancouver-Kingsway)	MacRae
Bruchesi	McBain
Brunsden	McCleave
Cadieu	McDonald (Hamilton South)
Campbell (Lambton-Kent)	McFarlane
Campbell (Stormont)	McGee
Cardiff	McGrath
Casselman, Mrs.	McGregor
Chambers	McIntosh
Charlton	McLennan
Chown	McQuillan
Churchill	Martel
Clancy	Martineau
Coates	Martini
Comtois	Matthews
Cooper	Monteith (Perth)
Creaghan	Monteith (Verdun)
Crouse	Montgomery
Danforth	More
Deschambault	Morissette
Diefenbaker	Morris
Dinsdale	Morton
Dorion	Muir (Cape Breton North and Victoria)
Doucett	Murphy
Drouin	Nasserden
Dubois	Nesbitt
English	Nielsen
Fairfield	Nowlan
Fane	Nugent
Fleming (Eglinton)	O'Hurley
Fleming (Okanagan-Revelstoke)	O'Leary
Forbes	Ormiston
Fortin	Pallett
Fraser	Parizeau
Frechette	Pascoe
Fulton	Paul
Grafftey	Payne
Grenier	Pearkes
Grills	Phillips
Gundlock	Pigeon
Hales	Pratt
Halpenny	Pugh
Hamilton (Notre Dame de Grace)	Rapp
Hamilton (Qu'Appelle)	Regnier
Hanbidge	Ricard
Harkness	Richard (Kamouraska)
Hees	Robinson
Henderson	Rogers
Hicks	Rompre
Hodgson	Rowe
Horner (Acadia)	Rynard
Horner (Jasper-Edson)	Sevigny
Horner (The Battlefords)	Simpson
Howe	Skoreyko
Johnson	Small
Jones	Smallwood
Jorgenson	Smith (Lincoln)
Keays	Smith (Simcoe North)
Kennedy	Smith (Winnipeg North)
Knowles	Speakman
Korchinski	Spencer
Kucherepa	Stanton
Lafreniere	Starr
Lahaye	Stearns
Latour	Stefanson
Legere	Stewart
Lennard	Stinson
Letourneau	Tassé
Macdonald (Kings)	Thomas
Macdonnell	Thompson
MacEwan	Thrasher
	Tremblay
	Villeneuve

Vivian	Weichel
Walker	Winkler
Webb	Wratten—177.
Webster	

NAYS

Messrs:

Batten	Leduc
Benidickson	Macnaughton
Boivin	McIlraith
Boulanger	Martin (Essex East)
Bourget	Martin (Timmins)
Bourque	Meunier
Brassard (Lapointe)	Michaud
Cardin	Peters
Caron	Pickersgill
Carter	Racine
Chevrier	Ratelle
Denis	Regier
Deschatelets	Richard (Ottawa East)
Dumas	Richard (St. Maurice-Lafleche)
Eudes	Roberge
Fisher	Robichaud
Garland	Rouleau
Godin	Tardif
Hellyer	Tucker
Herridge	Winch—41.
Howard	

WAYS AND MEANS

The house in committee of ways and means, Mr. Chown in the chair.

INCOME TAX ACT

The Acting Chairman (Mr. Chown): House in committee of ways and means on a certain proposed resolution to amend the Income Tax Act. Shall I rise, report progress and ask leave to sit again at the next sitting of the house?

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, I take it that the business which the house leader was good enough to announce on Monday will keep us busy for some time after the Easter recess. If that is the case, then I should like to take this opportunity to extend to the house leader, with whom I get along very well, my best wishes for a happy trip to Moscow and return. I trust he will be successful in selling a lot of Canadian wheat. I hope he will not go to Siberia.

May I extend to the Prime Minister, to his followers and to all who sit on this side of the house my very best wishes for a happy Easter recess. To those, I should like to join the name of the Speaker, the Deputy Speaker as well as the staff with all of whom we have been so happy to co-operate during the course of this part of the session.

Mr. Diefenbaker: Mr. Speaker, may I thank the hon. member for Laurier for his kind wishes and, in reciprocating them, say to him and through him to the members of the party he represents and to all members of the house that the very best of Easter wishes go to each and every one of them. I express the hope that when we come back renewed by—

Mr. Martin (Essex East): Rest.

Mr. Diefenbaker: —vacation rest the business of the house will advance with even more celerity than has been the case in the past.

Mr. Speaker: Pursuant to special order made Wednesday, March 30 last, this house stands adjourned until Monday, April 25 next at 2.30 o'clock in the afternoon, and may I wish hon. members much happiness during the intervening days.

It being 3.44 p.m. the house adjourned, without question put; pursuant to special order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

OIL AND GAS EXPLORATORY PERMITS, N.W.T.

Question No. 266—**Mr. Robichaud:**

1. What are the names of the Canadian companies holding acreage of oil and gas exploratory permits in good standing registered for mainland areas in the Northwest Territories, as at March 1, 1960?

2. What are the names and country of origin of companies holding gas exploratory permits in good standing registered for mainland areas in Northwest Territories, excluding Canadian companies, United States companies, Canadian subsidiaries of United States companies, and United Kingdom companies?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Shell Oil Company of Canada, Limited, Hudson's Bay Oil & Gas Co. Ltd., Texaco Canada Limited, The British American Oil Company Limited, The Calgary & Edmonton Corporation Ltd., Home Oil Company Limited, Canadian Devonian Petroleums Limited, French Petroleum Company of Canada Ltd., Canadian Homestead Oils Ltd., Canadian Husky Oil Ltd., Canpet Exploration Ltd., Charter Oil Company Ltd., Clarendon Wood Ltd., Colville Lake Explorers Ltd., Consolidated Mic Mac Ltd., Dome Leaseholds Ltd., Dome Petroleum Ltd., Glacier Explorers Ltd., Granwick Mines Ltd., Great Plains Development Co. of Canada Ltd., Guaranty Trust Co. of Canada, Horn River Exploration Limited, Imperial Oil Limited, Kore Petroleums Ltd., Laburnum Enterprises Ltd., Midland Petroleum Ltd., New Superior Oils of Canada Limited, Peel Plateau Exploration (Consolidated) Limited, Ranworth Exploration Limited, Resources Territorial Mining & Development Associates Ltd., Siebens Leaseholds Ltd., Triad Oil Company, Vanguard Explorations Ltd., Western Decalta Ltd.

2. None.

PRIORITY APPLICATIONS, ARCTIC ISLANDS

Question No. 267—**Mr. Robichaud:**

1. What are the names of the Canadian companies from whom applications have been accepted together with the acreage in each case, for priority applications registered in the Arctic islands?

2. What are the names of priority applications registered in the Arctic islands together with the acreage in each case excluding Canadian companies, United States companies, Canadian subsidiaries of United States companies, and United Kingdom companies?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

	acres
1. Talent Oil and Gas Ltd.	3,021,590
Dome Petroleum Ltd.	1,593,359
Charter Oil Company	1,308,454
Cree Oil of Canada Ltd.	7,388,129
Trans-Western Oil Ltd.	13,296,062
M. C. McLeod & Co. Ltd. ..	1,729,324
Terratest Co. Ltd.	1,377,648
Chican Petroleum Ltd.	437,202
Canadian Homestead Oils, Ltd.	2,521,167
Siebens Leaseholds Ltd.	6,859,015
Total	39,531,950

	acres
2. J. D. Bateman	4,066,031
W. R. Newman	12,228,219
C. M. McAvoy	2,846,417
G. Radisics	1,436,233
P. C. Nedham	1,047,220
G. A. Clarke	1,418,961
Florian Yandel Jr.	1,487,747
J. W. Powelson	892,672
James Ross	812,611
Martin J. Haley	3,404,810
W. Phipps	67,512
F. W. Chub	4,550,689
Richard C. Cowell	579,320
Thomas J. Rubeo	3,418,898
Murray T. Koven	1,880,996
A. G. Ghent	82,988
K. G. Ellard	4,962,955.5
William R. Sheeky	673,233
Charles E. Ridley	3,773,568
David T. Rosen	26,504,213
Total	76,135,293.5

COURT APPOINTMENTS SINCE 1957

Question No. 280—**Mr. Benidickson:**

What are the names, addresses, date of appointment and age at time of appointment, salary, date of retirement (where applicable) and eventual pension of persons appointed, to the Supreme Court of Canada, supreme courts of the provinces, appeal courts, district and county courts, since June 1, 1957?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

Names	Addresses*	Date of appointment	Age at time of appointment	Salary	Date of retirement (where applicable)	Eventual pension
ALBERTA						
SUPREME COURT—APPELLATE DIVISION						
Sidney Bruce Smith	Edmonton	Apr. 7, 1960	61	16,900		9,600
SUPREME COURT—TRIAL DIVISION						
Sidney Bruce Smith	Edmonton	Jan. 8, 1959	60	16,900		9,600
James Valentine Hogarth Milvain	Calgary	Aug. 18, 1959	55	16,900		9,600
Marshall Edward Manning	Edmonton	Aug. 18, 1959	54	16,900		9,600
Hugh Cragg Farthing	Calgary	Apr. 7, 1960	68	16,900		9,600
DISTRICT COURTS						
Lawrence Yeomans Cairns	Edmonton	Sept. 24, 1957	65	10,500	May 19, 1967	5,333.33
Hugh Cragg Farthing	Calgary	Feb. 1, 1958	66	10,500	July 18, 1967	5,333.33
Arthur Beaumont	Lethbridge	Dec. 24, 1958	67	10,500	Dec. 25, 1966	5,333.33
Henry Stuart Patterson	Calgary	Apr. 7, 1960	47	10,500	Oct. 31, 1958	5,333.33
BRITISH COLUMBIA						
COURT OF APPEAL						
Alexander Campbell DesBrisay	Vancouver	May 12, 1958	70	18,500		10,666.67
SUPREME COURT						
Franklin Kay Collins	Vancouver	Jan. 28, 1958	66	16,900		9,600
Thomas Granthan Norris	Vancouver	July 9, 1959	66	16,900		9,600
David Robertson Verchere	Vancouver	July 9, 1959	53	16,900		9,600
COUNTY COURTS						
Gordon Lindsay	Vernon	Sept. 24, 1957	65	10,500	Nov. 15, 1967	5,333.33
Stanley J. Remnant	Vancouver	Jan. 28, 1958	63	10,500	Feb. 13, 1970	5,333.33
William Arthur Schultz	Prince Rupert	Jan. 31, 1958	46	10,500	Sept. 14, 1987	5,333.33
MANITOBA						
COURT OF APPEAL						
Calvert Charlton Miller	Winnipeg	Oct. 21, 1959	60	16,900		9,600
Samuel Freedman	Winnipeg	Mar. 10, 1960	52	16,900		9,600
COURT OF QUEEN'S BENCH						
Calvert Charlton Miller	Winnipeg	Feb. 19, 1959	60	16,900		9,600
Frank Martin Bastin	Winnipeg	Oct. 21, 1959	63	16,900		9,600
William Graham Ferguson	Winnipeg	Apr. 7, 1960	64	16,900		9,600

COUNTY COURTS						
John R. Solomon	Winnipeg	June 1, 1957	47	10,500	Apr. 30, 1985	5,333.33
NEW BRUNSWICK						
SUPREME COURT—APPEAL DIVISION						
William John West	Fredericton	Nov. 1, 1958	66	16,900		9,600
SUPREME COURT—QUEEN'S BENCH DIVISION						
Albany M. Robichaud	Bathurst	Dec. 29, 1958	55	16,900		9,600
NEWFOUNDLAND						
SUPREME COURT						
Robert Stafford Furlong	St. John's	May 12, 1959	55	18,500		10,666.67
NOVA SCOTIA						
SUPREME COURT						
Frank Harris Patterson	Halifax	Oct. 16, 1958	68	16,900		9,600
COUNTY COURTS						
Ralph Herbert Shaw	Kentville	Jan. 13, 1958	57	10,500	Jan. 19, 1976	5,333.33
Robert Clifford Levy	Bridgewater	Aug. 1, 1959	54	10,500	Oct. 19, 1980	5,333.33
ONTARIO						
SUPREME COURT—COURT OF APPEAL						
Kenneth Gibson Morden	Toronto	Oct. 25, 1957	50	16,900		9,600
George Argo McGillivray	Toronto	Dec. 13, 1957	57	16,900		9,600
Dana Harris Porter	Toronto	Jan. 31, 1958	57	18,500		10,666.67
SUPREME COURT—HIGH COURT OF JUSTICE						
Samuel Harvey Shirecliffe Hughes	Toronto	June 19, 1958	45	16,900	Resigned without pension	
Stanley Nelson Schatz	Toronto	Oct. 7, 1958	59	16,900		9,600
George Theophilus Walsh	Toronto	Oct. 7, 1958	68	16,900		9,600
James Francis Donnelly	Toronto	Oct. 1, 1959	58	16,900		9,600
COUNTY AND DISTRICT COURTS						
Roland Ayres Carscallen	Chatham	Nov. 7, 1957	53	10,500	Apr. 27, 1979	5,333.33
James Duncan McCallum	London	June 15, 1957	55	10,500	Aug. 25, 1977	5,333.33
Harold Aberdeen Watson Timmins	Toronto	Jan. 1, 1958	63	10,500	Apr. 14, 1970	5,333.33
Richard Whittaker Reville	Brantford	Jan. 17, 1958	47	10,500	Oct. 2, 1986	5,333.33
Maxwell William Strange	Kingston	Jan. 17, 1958	52	10,500	Feb. 21, 1981	5,333.33
Joseph Abraham Sweet	Hamilton	Nov. 12, 1958	61	10,500	Jan. 21, 1972	5,333.33
Henry Joseph Michael Donley	Toronto	Nov. 12, 1958	57	10,500	Nov. 26, 1976	5,333.33
(Judge Donley was first appointed judge of the Rainy River district on October 20, 1948)						
Everett Lane Weaver	Toronto	Nov. 12, 1958	57	10,500	May 3, 1976	5,333.33
Donald Forsyth MacLaren	Barrie	Dec. 11, 1958	59	10,500	June 24, 1974	5,333.33
Harry James Reynolds	Sault Ste. Marie	Dec. 11, 1958	66	10,500	Aug. 25, 1967	5,333.33
Patrick Joseph McAndrew	Port Arthur	Dec. 11, 1958	50	10,500	Jan. 23, 1983	5,333.33
Lawrence Allan McLennan	Kenora	May 20, 1959	51	10,500	May 26, 1983	5,333.33
Arthur Roy Willmott	Cobourg	June 22, 1959	65	10,500	Oct. 18, 1969	5,333.33
Albert Ransome Hugill	Fort Frances	June 30, 1959	62	10,500	Aug. 3, 1972	5,333.33

* The place indicated is where court is ordinarily held or where the judge is by law obliged to reside.

Names	Addresses*	Date of appointment	Age at time of appointment	Salary	Date of retirement (where applicable)	Eventual pension
QUEBEC						
COURT OF QUEEN'S BENCH						
Pierre Amable Badeaux	Montreal	Jan. 1, 1960	69	16,900		9,600
SUPERIOR COURT						
Jean St. Germain	Montreal	Nov. 7, 1957	53	16,900		9,600
Frederic Dorion	Quebec	Nov. 7, 1957	59	16,900		9,600
Joseph Achille Joli-Coeur	Quebec	Dec. 13, 1957	61	16,900		9,600
Gaetan Sylvestre	Montreal	Dec. 23, 1957	54	16,900	(Died March 17, 1959)	
Antoine Lacourciere	Quebec	Jan. 24, 1958	54	16,900		9,600
Alexandre Tache	Hull	Oct. 7, 1958	59	16,900		9,600
Maurice Cousineau	Montreal	Aug. 14, 1959	54	16,900		9,600
Jean Blais	Quebec	Aug. 14, 1959	54	16,900		9,600
Paul R. Miquelon	Quebec	Oct. 15, 1958	57	16,900		9,600
Leon Casgrain	Riviere-du-Loup	Aug. 14, 1959	67	16,900		9,600
Mr. Justice Casgrain was first appointed a judge of the Quebec district of the superior court on Sep. 9, 1948)						
Pierre Gobeil	Chicoutimi	Aug. 14, 1959	43	16,900		9,600
Leopold Larouche	Rouyn	Apr. 15, 1960	49	16,900		9,600
SASKATCHEWAN						
COURT OF QUEEN'S BENCH						
Emmett Matthew Hall	Regina	Oct. 1, 1957	59	18,500		10,666.67
Russell Lawrence Brownridge	Moose Jaw	July 3, 1959	45	16,900		9,600
DISTRICT COURTS						
Herbert Elwood Keown	Swift Current	Sept. 24, 1957	67	10,500	Sept. 15, 1965	5,333.33
YUKON						
TERRITORIAL COURT						
John Parker	Whitehorse	June 19, 1958	47	16,900	Nov. 26, 1986	9,600
SUPREME COURT OF CANADA						
Ronald Martland	Ottawa	Jan. 15, 1958	51	22,500	Feb. 10, 1982	13,333.33
Wilfred Judson	Ottawa	Feb. 5, 1958	56	22,500	July 20, 1977	13,333.33
Roland Almon Ritchie	Ottawa	May 5, 1959	49	22,500	June 19, 1985	13,333.33

* The place indicated is where court is ordinarily held or where the judge is by law obliged to reside.

FREE PORT PROPOSALS, MORTIER BAY, NFLD.

Question No. 302—**Mr. Carter:**

1. Have any proposals been submitted to the government of Canada for the establishment of (a) a free port and/or (b) a transshipment port at Mortier bay, Newfoundland?
2. If so, what is the nature of those proposals and from whom were they received?
3. If not, is the government giving any consideration to the possibility of bringing such a project into being?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. The government has received a request that it finance an investigation of the engineering, economic, and financial aspects of a project to establish a transshipment port at Mortier bay, Newfoundland.

2. The request was made by H. D. MacKenzie and C. F. MacLellan of Toronto, on behalf of The Mortier Bay Development Company Limited, a company incorporated under the laws of Newfoundland.

3. The government having had a careful study made of the proposal decided to take no action.

PENAL INSTITUTIONS—SOLITARY CONFINEMENT, ETC.

Question No. 314—**Mr. Regier:**

1. How many inmates are there in solitary confinement in each of the penitentiaries built by the federal government?
2. Has any inmate now in solitary confinement been so confined for a period in excess of one year? If so, how many, and for what lengths of time has each of them already spent in solitary confinement?
3. Does the government enforce the legislation forbidding penitentiary employees from taking additional outside employment?
4. In how many penitentiaries are members of the medical profession permitted to operate a practice outside of their civil service duties?
5. In how many penitentiaries is provision made for a separate and distinct office for the work of the employees of the John Howard society?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

1. Penitentiary inmates are not kept in solitary confinement. In each institution there is a block of cells where inmates are dissociated from the rest of the population for disciplinary or administrative reasons. As of December 31, 1959 the number of inmates so dissociated was as follows:

Dorchester penitentiary	3
St. Vincent de Paul penitentiary	5
Kingston penitentiary	8
Manitoba penitentiary	2
Saskatchewan penitentiary	2
British Columbia penitentiary	2
Total	22

2. As of December 31, 1959 three inmates had been so dissociated for more than one year as follows: 1 since June 1954, 1 since August 1956, 1 since April 1958.

3. In common with other civil servants, penitentiary employees are not precluded from accepting part-time employment in their off-duty hours, so long as such employment does not interfere with their efficiency in the carrying out of the duties of their normal employment.

4. Penitentiary physicians at Dorchester, federal training centre, Kingston, Collin's Bay, Joyceville, Saskatchewan and British Columbia penitentiaries are permitted to carry on a practice outside their civil service duties under the terms of their employment.

5. At no penitentiary are separate and exclusive offices provided for the representatives of the John Howard societies. Adequate provision is made at all penitentiaries for the interviewing of inmates by the representatives of the various organizations concerned with the rehabilitation of inmates.

RURAL MAIL CONTRACT, CAPE BRETON, N.S.

Question No. 339—**Mr. Argue:**

1. Was Mr. Archie MacDougall awarded a contract for rural mail delivery on a new rural route to be known as East Bay, R.R. 2, Cape Breton, Nova Scotia?
2. If so, when?
3. Were tenders called for this service prior to January 4, 1960?
4. If so, when?
5. Did Mr. Robert Muir, M.P. for Cape Breton North and Victoria, announce on behalf of the government in the Cape Breton *Post* on January 4, 1960, that Mr. Archie MacDougall had been awarded the contract for the service?
6. Was Mr. Archie MacDougall informed that his contract was revoked and that tenders would be called again?
7. If so, for what reason?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. No.

2. See answer to No. 1.

3. Yes.

4. September 1959—tenders due 16th October 1959; no offers received.

5. No information.

6. and 7. See answer to No. 1.

C.N.R. TELEGRAPH OFFICE RENTALS, HULL, QUE.

Question No. 341—**Mr. Pigeon:**

1. Does the Canadian National Railways rent telegraph offices in the city of Hull, Quebec?
2. If so, what are the names and addresses of the owners of the rented buildings?
3. What are, in each case and for each year, the terms and conditions of the lease?
4. In each case, for how many years has the Canadian National Railways been renting such offices?

Questions

Answer by: **Hon. George H. Hees (Minister of Transport):**

The management of the Canadian National Railways advise as follows:

1. Yes.

2. Mr. Alexis Caron, Hull, P.Q.

3. It is not the practice of the management to disclose details of business transactions which relate entirely to the internal operation of the system.

4. Since 1943.

HOUSE OF COMMONS

Monday, April 25, 1960

The house met at 2.30 p.m.

PRIVILEGE

MR. CHURCHILL—CORRECTION OF NEWSPAPER REPORTS RESPECTING SALE OF URANIUM TO RUSSIA

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I rise on a question of privilege pertaining to two articles written by Mr. A. I. Goldberg of Moscow, reproduced in various Canadian newspapers and commented upon fairly extensively. The facts should be recorded.

The first article, printed in the newspapers of April 15, reads as follows:

> Trade Minister Churchill said here Thursday that Canada would be willing to sell the Soviet union uranium from Blind River, Ontario, mines. Mr. Churchill, in Moscow to sign a new Russian-Canadian trade agreement, said, in reply to questions, that the Russians wanted Canadian uranium.

The second article, printed on April 16, reads in part as follows:

> He said there was a "misunderstanding" about a statement he made on his arrival here two days ago that Canada "would sell uranium to the Russians if they want it." This reporter asked, "Would you sell uranium to the Russians under your new trade agreement"? Churchill's reply was, "Yes, if they would want it."

The quotations I have read from the two articles are false in their entirety. The true story of this episode is as follows. Immediately on my arrival on the 14th of April at the National hotel in Moscow I met Mr. Goldberg in the corridor for a period of about 30 seconds. We exchanged greetings. Mr. Goldberg said he had been in the Blind River area a few years ago, and I said I had recently been there on a visit. There was no discussion of the uranium stretch-out program nor any reference to the proposed trade agreement as he writes in his article. He stated that Canada had a surplus of uranium, and I said "Yes".

Then he put to me the following question, and this was his only question: "If Russia wants to buy uranium from Canada are you willing to sell?"

Uranium is not a product to be dealt with lightly. It is used for nuclear bombs. The question was obviously a trap, so I did not answer it. My only comment was, "Canada has plenty of uranium". That was the end of the conversation.

Mr. Goldberg then proceeded to falsify his report and to invent an answer which I did not give and to invent a question which he did not ask, namely about the Russians wanting Canadian uranium.

The next meeting with Mr. Goldberg was on Saturday, April 16, at a regular press conference which lasted for almost 40 minutes. In his second dispatch, printed in Canadian papers on April 16, Mr. Goldberg does not mention the press conference nor quote from it, for the simple reason that he took no part in it. He asked no questions, he just sat silently. Uranium was not mentioned by anyone. He had ample opportunity. One of the correspondents asked, "What articles or products does Canada expect to sell to Russia?" I replied, "With the exception of wheat, no particular articles have been mentioned." At that moment Mr. Goldberg might have intervened to challenge my statement. He remained silent.

His report refers to a private meeting that I had with him after the press conference was over. His report of that private meeting reads in part as follows, as printed in the newspapers of April 16:

> Today Churchill said: "There was a misunderstanding. I am not here to sell any specific item and selling uranium to the Russians would be the last thing we would do."

The quotation I have just read from Mr. Goldberg's second article is false. Mr. Goldberg appears to have a very unreliable memory. The facts I will now give, based on notes I made of the conversation, for I knew that I would not be able to rely on the veracity of Mr. Goldberg. I had hoped that he would correct his first dispatch, and that was why I saw him privately. It was a vain hope. Instead of correcting his first false story he repeated it and embellished it.

I said to Mr. Goldberg that he obviously misunderstood the problems connected with uranium, for he was writing fantastic nonsense. To test his knowledge of the subject I asked him various questions with regard to uranium being on the list of strategic materials, about the necessity for bilateral agreements before it may be sold even for peaceful purposes, and about the supervision and control of uranium sales. His answers showed that he was well aware of all those matters.

I then said to him that the statement he had attributed to me in his Thursday dispatch was untrue and incomprehensible in

view of the knowledge that he had of the restrictions placed on the sale of uranium. Then I added, "The last product that Canada would be willing to sell to Russia at this time is uranium". He said, "I will report that".

He twisted and distorted it. He twisted it to read that the last country to which we would sell uranium would be Russia.

Another paragraph of Mr. Goldberg's report of our private meeting, printed on April 16, reads as follows:

> Reminded of his Thursday statement and the context in which he made it, Churchill said, "Well, it was made in a joking way".

The Thursday statement has been given in three versions by Mr. Goldberg who is nothing if not versatile.

The first version was printed on April 15:

> Canada would be willing to sell the Soviet union uranium from Blind River, Ontario, mines and the Russians want Canadian uranium.

The second revised version was printed on April 16:

> Canada would sell uranium to the Russians if they want it

The third revised version of the same date:

> Yes, if they would want it.

I said none of those words at any time. My Thursday statement was simply, "Canada has plenty of uranium".

Goldberg attributes to me a statement that I did not make. Then he writes that he reminded me of that statement and that I said it was made in a joking way.

As I did not make the statement in the first place, in any of the three versions, Mr. Goldberg is obviously falsifying the record again.

There was never any joking on my part about uranium nor any statement by me that I had been joking.

I asked Mr. Goldberg what purpose he had in mind in inquiring about the sale of uranium to Russia. He would not answer that question. I then accused him of making a farce and a joke of a serious matter with a careless disregard for the consequences. No responsible person, knowing that uranium is the material that is used for nuclear bombs, would talk lightly, in this period of international tension, about selling it to any country as if it were just another commodity.

So that there may be no mistake about it, I would add that at no time during the course of the lengthy negotiations with the Russians either here in Canada or in Moscow was the subject of uranium mentioned by any one of the officials or the ministers on either side.

[Mr. Churchill.]

In conclusion may I express my surprise that in the midst of the turmoil that appears to have upset some editorial offices in Canada no contact was made with me. No representative of the press of Canada at home or abroad, no representative of any other news-gathering service, got in touch with me. There were no interviews, there were no cablegrams, there were no telephone calls.

It is regrettable that Mr. Goldberg's dispatches, on the vitally important subject of uranium, at a critical moment in the trade negotiations with Russia, were accepted in Canada without any attempt whatsoever at verification.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PAKISTAN MINISTER

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, if the house would allow me I should like to refer to the fact that Hon. A. K. Khan, minister of industries, irrigation and power of the government of Pakistan, who joined President Ayub Khan's cabinet in November, 1958, is with us here today. In welcoming him we do so both for himself and the country he represents, one of our friends of the commonwealth with whom we have the closest relations.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, perhaps I may be permitted to join on behalf of this party in the welcome which the Prime Minister (Mr. Diefenbaker) has just given to the minister of a sister nation in the commonwealth.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the C.C.F. wish to join with the Prime Minister and the Leader of the Opposition (Mr. Pearson) in offering our sincere welcome to this distinguished guest from Pakistan. All Canadians, I am sure, will welcome his visit to our country.

EXTERNAL AFFAIRS

VISIT OF GENERAL DE GAULLE—STATEMENT BY PRIME MINISTER

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in view of certain events which took place during the Easter recess perhaps the house will allow me to make a statement, first on the visit of President de Gaulle and second on a return visit which I paid to Mexico.

The recent state visit of the President of the French republic and community, General de Gaulle, provided the Canadian government and people with an opportunity to pay tribute to one of the foremost statesmen of our time, the illustrious leader of one of Canada's

mother countries. Together with my colleague the Secretary of State for External Affairs (Mr. Green) and members of the cabinet, a most satisfactory exchange of views took place during the stay of the president in Ottawa. The international situation was discussed, as well as the question of disarmament, aid to underdeveloped countries and other subjects of equal mutual interest.

These exchanges of views served to emphasize the continuing need for full consultation among members of NATO on matters which affect the vital interests of the western world. Coming as it did just two weeks before the summit conference, an excellent opportunity was presented to make known to him the views of the Canadian government on the major subjects which will be discussed at the conference.

I will not go into detail with regard to those discussions except to say that they covered the range of those matters which are of peculiar and particular interest at this time. I need hardly add that relations between our two countries continue to be excellent, and a wide measure of agreement exists on current world issues.

Following the course of the past, and with the consent of the house, I move that the address which President de Gaulle delivered at the state luncheon on April 19, 1960 and the address delivered by the Prime Minister be included as an appendix to the official report of debates for the third session of this parliament.

Hon. L. B. Pearson (Leader of the Opposition): May I say that we agree with great pleasure to the inclusion of these addresses in *Hansard*. They will be a memento of a happy visit to our country of a great and towering figure of our times, a man who never lost faith, during what appeared to be defeat, either in the cause for which his country was fighting or in the destiny of that country which in a very special way is our country, too. It will be a memento also of a man who once again has been called to the service of his native land and to the service of peace in difficult times, and who once again has responded to that call with courage and devotion.

I am sure the President's visit to Ottawa and to other parts of Canada will serve to strengthen the bonds which are already so strong between our two countries.

Mr. Hazen Argue (Assiniboia): The visit of President de Gaulle to Canada was most welcome to our nation, and emphasized once again the very close relations between Canada and France.

Visit to Mexico by Prime Minister

President de Gaulle has earned for himself a very distinguished name among all the nations of the world which are interested in democracy and which played a part in defeating nazism. General de Gaulle became known to us in a large measure as the leader of free France. He continues to play a leading role in the unfolding of history as it concerns France and other nations.

The Prime Minister mentioned many subjects which were discussed with the President. I am certain that in the field of disarmament there was discussion of the desirability of the discontinuance of nuclear tests, as well as the subject of providing aid to underdeveloped countries. The President's visit was most welcome, as I have said, and we trust that such exchanges will continue in the future.

Mr. Speaker: Is it the pleasure of the house to adopt the motion made by the Prime Minister with respect to the printing of these addresses in *Hansard*?

Motion agreed to.

[*For text of addresses above referred to, see appendix*]

STATEMENT BY PRIME MINISTER ON VISIT TO MEXICO

Right Hon. J. G. Diefenbaker (Prime Minister): As I said a moment ago, I returned the visit paid to Canada last October by President Lopez Mateos, the first Mexican head of state to be an official guest of this country. I did this during the Easter recess.

If the regard and esteem of a people for another can be gauged by the welcome given to their official representatives, the three days I spent in Mexico have brought home to me, more vividly than anything I had ever heard or read, a realization of the good will that Canada enjoys in this dynamic and rapidly advancing North American neighbour.

During this visit I had occasion to discuss with the President and with the foreign minister, Sr. Manuel Tello, questions of concern to both our countries, including international questions, and as a result of these conversations I can say there are no basic differences in our approach to world problems although our policies may not always coincide; and do not, with regard to the law of the sea, where the need to maintain historical rights confirmed by treaty makes it impossible, in the President's view, for Mexico to support the Canadian stand.

These conversations have further convinced me of the need for consultations at a high level with the political leaders not only of countries associated with Canada by tradition and alliance, but those of all other states

whose similarities in background, outlook and interests are bringing them closer to us, in order to reach a wider and clearer understanding of the motives and requirements on which our respective attitudes are based, and to explore the possibilities of more effective collaboration.

I was glad to hear the views of the hon. member for Assiniboia (Mr. Argue) a moment ago when he paid his tribute to the need for these exchanges. I can say one thing, that my visit to the various commonwealth countries was worth while in that it provided me with a knowledge and understanding of the attitudes of the other members of the commonwealth which could not have been attained in any other way.

On behalf of the people of Canada I made a presentation to the national university of Mexico of volumes relating to various aspects of Canadian life and achievement.

I could speak of the welcome I was accorded in many ways. As a lawyer I naturally was deeply touched by the fact that for the first time in its history a foreigner was made an honorary member of the illustrious and national college of advocates, a tribute by the bar of Mexico not to me personally but to the people of Canada.

There was a wide measure of public sympathy with the attitude of the Canadian government on matters such as disarmament and the suspension of nuclear tests, to which the hon. member for Assiniboia just referred, the need for international co-operation in the use and development of atomic energy for peaceful purposes, a reduction of discriminatory trade restrictions, the value of fostering cultural relations and an increase in the exchange of students through the granting of scholarships and other facilities.

May I summarize this. I think visits such as this contribute to good will, good fellowship and better understanding. There are no words I can use to describe the warmth of the feeling of the President, the government and the people of Mexico to Canada. I hope the President may be able again very soon to pay a visit to Canada so that we in turn may continue in that close feeling and warm relationship that prevails between our two countries.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure all hon. members of the house, and certainly we on this side, were pleased when we learned that the Prime Minister was able to take time off from what might have been a vacation to return the visit of the President of Mexico. I am sure also that this visit has made its own contribution to the strengthening of the political, cultural and trade relations between two countries which over the years have built up a tradition of friendly relationships. After all, Mr. Speaker, there is a special bond between Mexico and Canada because, with the oceans, we surround the United States.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the C.C.F. believes that a visit such as the Prime Minister has made to Mexico is of a kind that is likely to lead to a strengthening of the relationships between our two countries. We would hope it would lead to an expansion of trade, and be viewed as an indication of Canada's growing interest in the development of good will between Canada and the Latin-American nations and an indication of our concern for their improved economic development.

The Prime Minister made brief reference to some words I used earlier. I want to tell him we feel that exchanges between Canada and other nations should be undertaken from time to time. We say that when these visits are considered the Prime Minister should have in mind their timing and duration, because the Prime Minister's attention to domestic matters as well as external matters is of great importance. We feel that the visit to Mexico was one that probably should have been made.

TRADE

TABLING OF PROTOCOL AND LETTERS RESPECTING AGREEMENT WITH RUSSIA

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I now table for the information of the house the text of the protocol signed in Moscow on April 18, 1960, which renews for a three-year period the trade agreement between Canada and the Union of Soviet Socialist Republics of February 29, 1956, as well as the understanding set out in the letters which the two parties exchanged at that time concerning the right of the Canadian government to fix under the Canadian Customs Act values of goods for ordinary and special duty.

The protocol also provides that each of the two governments will give sympathetic consideration to any representations which the other government may make concerning the implementation of the renewed agreement and with regard to other matters which may affect their commercial relations. The protocol is in force provisionally from the date of signature. It is to be ratified as soon as possible, and will enter into force definitively on the date of exchange of instruments of ratification, which is to take place

in Ottawa. An early opportunity will be provided for a debate in parliament, and a resolution of approval will be introduced to this end.

I am also tabling copies of letters which I exchanged with the Soviet minister of foreign trade, Mr. N. S. Patolichev, setting forth certain additional understandings concerning the development of trade between the two countries. If the house agrees, I suggest that the text of the protocol and of the letters be printed as an appendix to *Votes and Proceedings.*

Mr. Speaker: Does the house give concurrence to the proposal of the minister that the text of the protocol and the letters be printed as an appendix to *Votes and Proceedings?*

Some hon. Members: Agreed.

[*For text of protocol and letters above referred to, see Votes and Proceedings of today*]

Mr. Churchill: As hon. members are aware, the negotiations for renewal of the trade agreement with the U.S.S.R. took a considerable time. They were initiated before the 1956 agreement lapsed on February 28, 1959, and the early discussions were not without difficulties. However, common ground was eventually found, and the agreement is being renewed on terms which I consider satisfactory from the Canadian point of view, particularly taking into account the changed trading circumstances since the earlier agreement was concluded.

The house is familiar with the provisions of the 1956 agreement which is now being extended. In brief, Canada and the U.S.S.R. exchange most favoured nation treatment and, on a reciprocal basis, provide for non-discriminatory treatment of merchant ships in the seaports of the two countries. Either government may, however, apply prohibitions or restrictions of any kind directed to the protection of its essential security interests. Our strategic export controls are therefore not affected.

The protocol extending the agreement broadens the basis on which representations can be addressed to either of the two parties. Previously the two governments had agreed to give sympathetic consideration to representations concerning the implementation of the agreement. The scope for such representations has now been enlarged to include any other matters affecting commercial relations between the two countries. Should the necessity arise this would permit Canada, for example, to take up with the government of the U.S.S.R. any special problems which may be encountered in respect of the sale in world markets of Soviet products in which Canada has a substantial export interest.

The letter which I exchanged with Mr. Patolichev provides that in each year of the renewed agreement the Soviet foreign trade organizations will purchase Canadian goods up to a total value of $25 million Canadian, including not less than 200,000 metric tons of Canadian wheat, provided the total annual value of Canadian purchases from the U.S.S.R. is not less than $12½ million Canadian. Should the total value of Canadian purchases from the U.S.S.R. be less than $12½ million Canadian in any one year the Soviet undertaking to purchase from Canada would be reduced and would be determined on a two to one basis; that is, the Soviet union would purchase twice as much from Canada as Canada imported from the Soviet union, and wheat will constitute not less than half the value of such annual Soviet purchases.

It will be noted that no commitment to purchase Soviet goods has been made by the Canadian government. As in the case of trade with other countries, the level of our purchases will be determined by the commercial decisions of Canadian importers. The house will appreciate that the U.S.S.R. agreement to trade with Canada on a two to one basis represents a very substantial concession on their part, since the Soviet union normally endeavours to balance trade with each of its trading partners.

In addition to establishing the Soviet commitment to purchase Canadian goods the letter provides that the authorities of the two countries will meet at least once a year, alternately in Ottawa and Moscow, to consult concerning the implementation of the agreement and any other matters affecting Soviet-Canadian trade relations. It is the hope of both parties that trade will flow reasonably regularly in each year of this agreement. The annual consultations will provide the occasion for an exchange of views with respect to the operation of the agreement. They should also prove of value in building up greater understanding between the two countries with respect to trade matters.

The letter also sets forth an understanding that as a measure toward attaining the mutual objective of an expansion of trade the two governments will facilitate visits for business purposes between the two countries. It is my hope that within the framework of the renewed agreement, and in pursuance of the undertakings in the letter which has been exchanged, there will be a mutually advantageous growth in trade between the two countries. The actual growth in trade and the nature of the goods to be exchanged

will depend mainly on the decisions of the businessmen and business organizations of the two countries.

The Canadian market is highly competitive, and it will be necessary for the Soviet export authorities to understand our requirements if they are to sell successfully in Canada. Similarly, it will be important for Canadian exporters to make known to the Soviet import organizations the products and goods which they are in a position to supply on competitive terms. In general, it will be necessary for there to be much closer contact between the traders of the two countries than has been the case in the past. To this end I have suggested, and the Soviet authorities have agreed, that a group of Soviet traders representing both export and import interests should visit Canada, and the Soviet authorities have indicated that they would welcome a comparable visit of Canadian businessmen to the Soviet union. I hope the necessary arrangements for these visits can be made during the current year. I have also invited the Soviet minister of trade, Mr. Patolichev, to come to Canada and this invitation is being considered by the Soviet government. I hope he will find it convenient to come at the same time as the visit of Soviet trade representatives.

As a further measure to facilitate the growth of trade, Mr. W. J. Van Vliet has been appointed commercial counsellor at the Canadian embassy in Moscow, where his main responsibility will be to assist in the promotion of our exports to the U.S.S.R.

The house will recall that under the 1956 arrangement the Soviet union undertook an annual obligation to purchase a specified minimum quantity of wheat, 400,000 tons. The new arrangement provides that at least half the value of the annual Soviet purchase commitment will be in the form of wheat. If Soviet purchases were to rise to the value of $25 million, our sales would include at least 200,000 tons of wheat. Accordingly, while the Soviet union will continue to purchase significant quantities of Canadian wheat, we may now look toward more diversified sales to the U.S.S.R. Both sides are aiming to diversify as well as to expand trade.

The house is aware that the Soviet union has greatly enlarged its production of wheat and is a regular wheat exporter. In the circumstances the amount of wheat which the Soviet union has undertaken to purchase may be regarded as satisfactory. I should add that I raised with the Soviet government the question of the approximately 200,000 tons of wheat still outstanding under the old agreement. Provided trade develops in a satisfactory manner, in accordance with the agreement and the letters exchanged in Moscow, I was assured by Mr. Patolichev that the Soviet union would endeavour to make up this deficiency so there would be no question of the Soviet union not having fulfilled the earlier obligation.

I should like the house to know, Mr. Speaker, that I was received with friendship and courtesy by the Soviet ministers and senior officials whom I had the opportunity to meet. In addition to Mr. Patolichev I had the pleasure of general discussions with Mr. F. R. Kozlov and Mr. A. I. Mikoyan, both first deputy premiers of the Soviet union. These gentlemen showed a welcome awareness of Canada's interests as a world trader and major exporter.

Our conversations were frank and constructive. The hospitality which was shown to me and to the other members of the Canadian delegation was generous and memorable. I believe that over and above the provisions of the agreement and the exchange of letters, a basis has been established for closer and more fruitful co-operation between the two countries in the field of trade.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, the statement made by the minister is somewhat longer than is usual on motions, and in addition to giving the factual information which we all welcome and which is properly given at this stage of the house proceedings on a subject of this importance, it also contains some debatable material. In so far as it contained factual information and related to the tabling of the documents relevant to the new trade treaty, we welcome it because this will give us an opportunity of examining the actual documentation to see precisely what the situation is. We welcome also the announcement that in due course the matter will be coming before the house for discussion.

The minister described the agreement, if I understood him correctly, as satisfactory in the circumstances. His later elaboration of it would lead us to believe it is not necessarily so satisfactory, because it does not even provide for the taking up of the requirements for wheat provided under the earlier agreement, although it is quite true that they may take that additional 200,000 tons and thus complete the earlier agreement. While he told us how high the obligation to purchase might go if our Canadian importers bought heavily from Russia, he did not tell us what I took from his statement to be a fact, that it could also go much lower than it has been if our importers do not buy.

I noted also the omission to deal with the list of prohibited goods for export to Russia.

Perhaps when we come to orders of the day we can get some further information on that point. Perhaps, Mr. Speaker, there is no purpose in making further comment at this time.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, our group was very happy to learn that the minister was in Moscow, and that at long last he was able to complete the renewal of our trade agreement with the Union of Soviet Socialist Republics. We note with considerable interest that, unless I am in error, this is the first time the Canadian government has entered into what is in effect a reciprocal trade agreement, in that we agree to buy a certain amount of goods from another nation if another nation will buy a certain quantity of goods from us.

It is our hope that our government will realize its responsibility in this regard. We regret very much that even if the optimistic objectives that are aimed at under the agreement are realized, it will involve a reduction in Russia's purchase of Canadian wheat under the earlier agreement by 50 per cent. We regret very much this proposed reduction in Russia's purchase of Canadian wheat.

However, we want to emphasize, and to underline as heavily as we can, that for the first time to our knowledge, in signing a trade agreement, the Canadian government has morally, if not otherwise, accepted a responsibility. I noted the minister's announcement that a counsellor had been appointed to serve in Moscow to promote Canadian exports. I hope the government will realize that under the terms of the agreement, exports will automatically follow our imports. I hope the minister might see fit to exert considerable energy toward the promotion of Canadian imports from the Soviet union, and that those efforts might extend beyond the expression of pious pleas and platitudes to Canadian enterprise to actively consider the importation of goods made within the Soviet union, because our exports are so directly related to Canadian imports under the terms of the agreement. We hope the government will realize its responsibility in this regard and will not be entirely dependent upon the whims of Canadian importers.

BUSINESS OF THE HOUSE

SOUTH AFRICA—INQUIRY AS TO DISCUSSION OF APARTHEID

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, having regard to the statement on the matter made by the Prime Minister before the Easter recess, might I ask him now what arrangements the government proposes to make to bring about a discussion of apartheid in South Africa.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the house will recall that on April 11, during discussion of this matter, I stated as follows, as recorded at page 3088 of *Hansard,* when the Leader of the Opposition asked whether an opportunity might be given for the introduction and discussion of such a resolution as had been brought before the United Kingdom House of Commons three days before:

> —I can say that immediately after recess, when the condition of affairs in South Africa will at least not be as turbulent, we hope, as it is at the moment, we might then give consideration to doing that which the hon. member has suggested so that the views of Canada's House of Commons, with respect to which there is no difference from the point of view of party affiliation or position in the house, might be expressed.

Having given that consideration, I think it would be proper for some discussion to take place between the Leader of the Opposition, government representatives and other members in the house, to the end that a discussion might take place or could take place on this subject and generally on those matters which may come up for consideration at the prime ministers' conference which opens in London early in May. I shall be leaving, if my present plans eventuate, on Thursday next. Therefore, after discussion with the hon. gentleman and other members, if some mutual arrangement can be arrived at for discussion or a course of action determined in order to permit a discussion, that will be done.

Mr. Hazen Argue (Assiniboia): I do not wish to transgress the rules of the house, Mr. Speaker, but any arrangements the Prime Minister might have in mind, as he has outlined, will be acceptable to our group.

FREIGHT RATES

REQUEST FOR STATEMENT ON CONTINUATION OF SUBSIDY—REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister. Is the government in a position to announce whether it intends to ask parliament to provide for a continuation of the freight rate subsidy in order that freight rates may be held down until the report of the royal commission has been received?

Right Hon. J. G. Diefenbaker (Prime Minister): I think I can tell the hon. gentleman that he is not the only one who has had that question in mind. There were two hon. members supporting the government and

the hon. member for Laurier (Mr. Chevrier), all apparently activated by a speculative article which appeared in the Canadian press on Saturday last. All I can say in this regard is that the freight rate assistance act is in effect until August 1 next. Hence ample time will be given for consideration or determination of this matter, or at least for an announcement of the policy to be followed. Further than that I will not go at the moment, except to say that this is a question of government policy which will be announced in proper course.

Mr. Argue: I have a supplementary question. Can the Prime Minister say whether he has recently had discussions with the chairman of the royal commission on freight rates, and whether it is expected that the report of the royal commission may be received before August 1 or whether it will be later than that?

Mr. Diefenbaker: I had one chat with the chairman of the commission, and there was no indication as to when a report might be expected. As I have said on other occasions, having once gone out on a limb and suggested a target date for the report of a royal commission and having heard about it on a number of occasions since then as evidence of a lack of prescience on my part, I do not want to add a further example.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question. The Prime Minister will probably recall that before the house took recess on the 13th of this month I asked a question with reference to the extension of the freight rate freeze, and the Prime Minister answered the question. Then I referred to what appeared in the annual report of the president of the Canadian National Railways, that April 10 appeared to be the deadline date. The purpose of my question then, as it now, was to ascertain whether the government would make a decision with regard to the freezing of freight rates before the end of this month.

Mr. Diefenbaker: Again, Mr. Speaker, may I make this answer; and in the past I have heard the hon. gentleman, when he was minister, give the same answer. When a decision is made and it is proper to announce it, the announcement will be made in the house.

Mr. Chevrier: May I go a step further and ask the Prime Minister another question which arises out of the press release to which the Prime Minister and the hon. member for Assiniboia have referred.

Mr. Diefenbaker: Not a press release; press speculation.

[Mr. Diefenbaker.]

Mr. Chevrier: I sent it to the Prime Minister. It is a statement which might qualify under that head. I will not take issue with the Prime Minister on that matter, but the point about which I should like to ask now is this. Is there any intention of granting an increase in freight rates by way of subsidy?

Mr. Diefenbaker: I have stated that the article in question was a speculative one, and I do not intend to make any observations on speculative articles.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO EXTENSION OF SEASONAL BENEFITS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Labour. Is the minister in a position to advise the house whether there will be an extension of seasonal benefits under unemployment insurance? If not, what provision is being made to care for those who will come off that list on May 15?

Hon. Michael Starr (Minister of Labour): No decision or consideration has been contemplated by the government with regard to the extension of seasonal benefits beyond May 15.

Mr. Winch: As a supplementary question may I ask whether the minister has in mind any plans by means of which to take care of those who will be off the benefits on May 15 and still have no employment?

Mr. Starr: No consideration in that respect has been given. The situation will be as it has always been at that time of the year. When seasonal benefits end, then of course those who are on seasonal work are expected to be back at work.

INQUIRY AS TO REPORT BY ADVISORY COMMITTEE ON HOLIDAY AND SEVERANCE PAY

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to ask a question of the Minister of Labour. Is the minister yet in a position to advise the house when he anticipates receiving, or being able to report on, the recommendations of the unemployment insurance advisory committee as regards holiday pay being classed as wages?

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker; I expect to make a statement in the house tomorrow on this matter.

FINANCE

SUGGESTED EXPLANATION TO TOURISTS OF U.S. SILVER DISCOUNT

On the orders of the day:

Mr. Hubert Badanai (Fort William): I wish to direct a question to the Minister of Northern Affairs and National Resources, or in the absence of the minister his parliamentary secretary may take note of it. In view of the annoyance experienced by tourists entering Canada owing to the discount on United States silver, which is causing considerable hard feeling, will the minister give consideration to giving every tourist entering at Canadian immigration points a letter containing a friendly explanation about the discount on United States silver?

Hon. D. S. Harkness (Acting Minister of Northern Affairs and National Resources): In the absence of the Minister of Northern Affairs and National Resources I will take this question as notice.

CODFISH—PROPOSED TARIFFS OF COMMON MARKET

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the minister a question. Could the minister say whether the government has made any representation with respect to the proposed tariffs of the common market on salted codfish, which would of course be exceedingly detrimental to exports from Canada?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the views of the Canadian government have been made known to all the countries concerned with respect to all the commodities which were proposed to be embraced in the averaging process of tariff arrangements contemplated by the Six to become effective on July 1. I think it is a matter of satisfaction to all hon. members that the proposed changes have been deferred by the Six until January 1.

This is in line with the views which were put forward by the Canadian representatives. It means that the GATT negotiations will have an opportunity to begin before the date on which the proposed tariff changes will take effect. This will afford an opportunity for discussion of all these questions, we hope, at the GATT meeting, which is in keeping with the view the Canadian government's representatives have expressed on various occasions hitherto.

Inquiries of the Ministry

LABOUR CONDITIONS

REQUEST FOR LATEST STATISTICS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Labour. In view of the press release issued on Wednesday on the employment situation, showing an increase of 11,000 over last month in the number without jobs and seeking work and 41,000 over last year, can the minister now provide us with the latest figure in his possession for unplaced applicants in comparison with a month ago and a year ago?

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker. The latest release shows that the number of unplaced applicants as of April 7 of this year is 828,000.

TRADE

URANIUM—REQUEST FOR CLARIFICATION OF STATEMENT BY MINISTER

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): I should like to direct a question to the Minister of Trade and Commerce arising out of his explanation of the regrettable incident during his visit to the U.S.S.R., and concerning the statement he made earlier in the proceedings today about the reports of this alleged statement on the sale of uranium. My question is asked in order to get clarification of the earlier part of his statement.

As I have noted his remarks, I understood him to say that Mr. Goldberg asked him this question: If Russia wants to buy uranium, will you sell? To that question I understood the minister to say in his statement that he did not reply. He then immediately proceeded in his statement to say that he then said, "Canada has plenty of uranium to sell". What I want to clear up is this point. Was there any conversation between the question of Mr. Goldberg and the statement about Canada having plenty of uranium to sell?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I hope the hon. member for Ottawa West will not further complicate a matter which I hope is now abundantly clear. My statement on Thursday was "Canada has plenty of uranium".

Mr. McIlraith: Plenty of uranium?

Mr. Churchill: Yes plenty of uranium; period. I did not answer the question of Mr. Goldberg's. He wanted me to say yes or no. I have answered too many questions in the house here—

Mr. Winch: Very often we also want that and we do not get it.

Mr. Churchill: —too many loaded questions, to be caught in that way. Mr. Goldberg made a statement to the effect that Canada had a surplus of uranium, and I said yes.

Mr. McIlraith: What I am trying to clear up is this point. It seemed to me there was a gap in the statement read to the house by the minister at the opening of proceedings today. He described the question which I have read, and he stated that he did not reply. Then the minister went on to deal with this other matter, that Canada had plenty of uranium. What I want to know is this. Was there any conversation between those two statements? There seems to be a gap in the minister's statement. If he has the text there I think he himself will see it. It is clarification that I want.

Mr. Churchill: I will clarify the matter right away, but the hon. member will have an opportunity to read all these things in *Hansard*. The conversation with Mr. Goldberg lasted for 30 seconds. I stepped out of the elevator, moved over to the door of my hotel room, a distance of about from here to across this aisle, and in that space of time Mr. Goldberg said four things and I said four things, and I have reported them all in the statement. That was all there was to it.

Mr. McIlraith: Thank you very much.

REPORT OF STUDY GROUP ON TRANS-ATLANTIC ECONOMIC ORGANIZATION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask whether it is proposed to table the report of the committee of four on European economic co-operation, which I think has now been made public?

Hon. Donald M. Fleming (Minister of Finance): I shall be glad to look into that matter.

UNITED NATIONS

WORLD REFUGEE YEAR—INQUIRY AS TO ADMISSION OF WHITE RUSSIANS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I would like to ask the Secretary of State for External Affairs whether the Canadian government will give consideration to extending the benefits of our world refugee year efforts to the so-called white Russians who are residing and have been residing for many years on the mainland of China.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, the efforts of the Canadian government in world refugee year are directed toward bringing tubercular refugees from Europe to Canada, and that plan is proceeding very well. In addition, of course, we do provide funds to the high commissioner for refugees for use among refugees in China to whom the hon. member refers, but that is not part of our special contribution to world refugee year.

Mr. Regier: May I ask the minister whether he would explain to the house why there exists discrimination between people of European origin who are refugees residing in China, and people of European origin who are refugees in western Europe?

Mr. Speaker: Order. The hon. member is asking one of those argumentative questions which I think is out of order at this time.

Mr. Regier: In that case perhaps I may reword my question. Would the minister explain the reasoning of the government, as to why they adopted a different attitude toward these refugees now living in Asia and refugees now living in western Europe?

Mr. Green: Mr. Speaker, no discrimination has been shown. I think the hon. member is merely trying to stir up trouble. If he wants to follow this up, when my estimates are up for discussion I will be glad to deal with this question.

Mr. Pickersgill: Mr. Speaker, meanwhile may I ask the minister if he could say how many additional families it is expected will be coming here under the government scheme?

Mr. Green: No, I cannot give that information yet.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO FRENCH NETWORK PROGRAM ON MARSHAL PETAIN

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of National Revenue or his parliamentary secretary, both of whom I see are busy with other matters. In the light of the statement made by the Prime Minister a moment ago concerning the visit of President de Gaulle, which I am sure the house welcomed, may I ask the minister whether he is aware that on the very day of the arrival of General de Gaulle in Canada the French network of the C.B.C. devoted a half hour program to Marshal Petain. If so, has the C.B.C. offered any explanation to the minister?

Hon. D. S. Harkness (Acting Minister of National Revenue): Mr. Speaker, I shall see that this question is drawn to the attention of the minister, who I know will have to ask the C.B.C. for an explanation in any event.

INDUSTRY

INQUIRY AS TO PROPOSED HYDROCARBON PIPE LINE TO LAKEHEAD

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I have a question for the Minister of Trade and Commerce; notice of my intention to ask this question was sent to his office.

Can the minister advise the house whether there are any negotiations going on between the government and promoters of a pipe line to move liquid hydrocarbons to the great lakes area? If so, will this proposed pipe line be a feeder line to United States industries, or is it being constructed for the purpose of building a petrochemical industry at the Canadian lakehead?

Mr. Speaker: I think the second part of the question is purely hypothetical, but perhaps the first part might be answered.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, a matter such as this should be directed to the national energy board, if I correctly heard the hon. member's question. I cannot give him a complete answer at the present moment, but I will inquire.

Mr. Badanai: Has the minister not received the copy of my question which was sent to his office?

NATIONAL DEFENCE

REQUEST FOR REPORT ON DISCUSSIONS WITH FIELD MARSHAL MONTGOMERY

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Minister of National Defence whether there is anything he can appropriately report to the house on his conversations today with another great soldier, Field Marshal Viscount Montgomery, whose presence we are delighted to observe in the gallery.

Hon. G. R. Pearkes (Minister of National Defence): I am sure we are all delighted that Field Marshal Viscount Montgomery is here today, and is able to spare time to appear in the gallery. We had a very interesting discussion during luncheon.

IMMIGRATION

REQUEST FOR COMMENT ON STATEMENT BY EXTERNAL AFFAIRS MINISTER

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Prime Minister whether he has any comment to make on the propriety of the statement made on internal security by the Secretary of State for External Affairs during the television program "The Nation's Business", which has been widely interpreted in the press as a reference to a case before the courts.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have no observation to make with regard to that matter. Knowing the hon. gentleman as I do, I know he does not commit improprieties.

Mr. McIlraith: He did in that case.

OPPORTUNITY FOR PERSON TO ANSWER CHARGE OF BEING SECURITY RISK

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to ask the Prime Minister whether the government is planning any action whereby an individual resident in Canada who has been labelled as a security risk may be able to hear the charges made against her, and defend herself and clear her name, if possible, of the charge laid against her by the Prime Minister in this house.

Right Hon. J. G. Diefenbaker (Prime Minister): In view of the fact that the question appears to concern a woman, I take it that it has to do with a case which is before the courts; therefore the hon. gentleman should know it cannot be referred to here.

Mr. Pickersgill: Does the Prime Minister think it should be referred to by a minister outside this house?

Mr. Regier: On a point of order, may I ask the Prime Minister whether this is the issue which is before the courts, since I understand it has nothing to do with the issue before the courts?

Mr. Speaker: Order. It is not a point of order to complain about an answer which the hon. gentleman has received.

INQUIRIES FOR RETURNS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I would like to direct a question to the Secretary of State and ask him whether he will be good enough to look into a return to a motion made by myself on February 3 concerning the plans

and specifications of an application made by Quebec Hydro for the development of power resources at Carillon. It was passed by the house on that day but I still have not received the return.

Hon. Leon Balcer (Acting Secretary of State): Mr. Speaker, I will look into that matter.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Secretary of State if he will look into a return of mine, part of which was tabled on April 4. After that I raised a question of privilege, and after a couple of more inquiries another part was tabled on April 12, but the second and third questions are still not answered. As this return has to do with a matter now before the house, I hope the minister will expedite it.

Mr. Balcer: Could the hon. member give me the number of the question or the subject matter?

Mr. Pickersgill: The subject matter of the question has to do with federal payments to the provinces, and I think the Minister of Finance is very familiar with it.

ATOMIC ENERGY

INQUIRY AS TO DISCUSSIONS RESPECTING FRENCH NUCLEAR TESTS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): May I address a question to the Prime Minister. In view of the fact that the Prime Minister gave a short resume of his talk with General de Gaulle, I wonder if the right hon. gentleman could tell us whether in the course of this discussion any mention was made of the nuclear tests in the Sahara, and whether the attention of General de Gaulle was drawn to the fact that after the recent explosions there was a sharp increase in radioactive fall-out in all parts of Canada.

Right Hon. J. G. Diefenbaker (Prime Minister): I do not think that matter required to be brought to his attention. In so far as the radiation hazard is concerned, Canada's views in favour of an end of the tests were brought to his attention.

PRIVATE BILLS

Mr. Frank Howard (Skeena): Mr. Speaker, I wonder if I might ask the indulgence of the house to consider, by unanimous consent, a certain course of action.

On reviewing the evidence submitted before the committee of the other place in two divorce cases, No. SD-140 and another which has already passed this house, it has appeared to me that there is extreme conflict in the evidence which was presented. I have discussed this matter and reviewed the evidence with the hon. member for Halifax (Mr. McCleave), who has agreed with the course of action I am proposing.

I therefore wonder if I may ask unanimous consent to move that order No. 56 concerning Bill No. SD-140 be discharged and the said bill referred back to the committee on miscellaneous private bills.

Mr. Speaker: Is the house prepared to give unanimous consent to the hon. member for Skeena to make the motion he has referred to?

Mr. McCleave (Halifax): I have no objection, but I should like Bill No. SD-35 to be referred back at the same time.

Mr. Speaker: The proposal is that by unanimous consent the two bills which are standing for consideration in committee and which are items Nos. 35 and 56—

Mr. McCleave: The second item, the one I referred to, is item No. 217.

Mr. Speaker: —that items 217 and 56 on the orders of the day be discharged and the bills referred back to the committee on miscellaneous private bills. Is it the pleasure of the house to give unanimous consent to this course of action?

Some hon. Members: Agreed.

Motion agreed to and orders discharged.

MARIE RITA DUBE HOULD

The house in committee on Bill No. SD-38, for the relief of Marie Rita Dube Hould—Mr. McCleave—Mr. Flynn in the chair.

Mr. Howard: May I make a comment on Bill No. SD-38, unless of course, as has been done on past occasions, the hon. member for Halifax wishes to say something before I do? I do not know whether he does or not. If not, I will proceed to make one or two references to this particular bill.

The petition in the bill which is before us, and the evidence relating to it, indicates that the marriage took place on July 17, 1954. As alleged in the petition, it is shown that adultery took place on May 13, 1959 at a particular hotel in the city of Montreal involving one of the parties to the marriage.

To bring out these statements in the petition a number of questions were asked by the subcommittee of the other place. In so far as proof of marriage is concerned, this information is contained on page 11 of the evidence, where a series of questions is asked by the clerk of the committee. The

questions are directed to the petitioner, asking her name, her age, her address, and other material facts of that nature. The question is asked, "Are you married?" and the answer is "Yes". Then the name of the respondent is given. The questions and answers continue:

Q. When were you married?
A. July 17, 1954.
Q. Where?
A. Lachine, Quebec.
Q. By whom?
A. By Father Thomas Wardell.

Religion is asked about, and both the lady and her husband are Catholic. The evidence continues:

Q. Do you recognize this document I am showing you?
A. Yes.
Q. What is it?
A. It is a copy of my marriage certificate.
Q. Are the statements contained therein true and correct?
A. Yes.

Thus the fact of marriage having taken place as stated in the petition is proved to be the case. There is also proof of the consummation of marriage to the extent that a child was born of this marriage, and this information appears at the top of page 12. Questions are asked by Mr. Lieff, Q.C., who appeared as counsel for the petitioner. He is questioning the petitioner:

Q. Do you have any children issue of this marriage?
A. Yes.
Q. How many?
A. One.
Q. What is the date of birth?
A. January 9, 1956.

Further evidence follows with respect to a legal separation having been obtained, and some material factual evidence is given about the circumstances which led up to that legal separation. On page 12 the petitioner was questioned by her counsel, Mr. Lieff, as follows:

Q. And did you obtain your legal separation in the courts in Montreal?
A. Yes.
Q. Was there a judgment giving you that separation?
A. Yes.
Q. Did the judgment award you any money?
A. Yes, $100 a month.
Q. Did your husband pay that money?
A. Yes.
Q. Until when?
A. Until September, 1959.
Q. And what happened after September, 1959? Why was it not paid then?
A. I didn't want anything else to do with him and I contacted the air force and told them to stop it.

One could assume from the evidence that she entertained an intense dislike for her husband, which on the basis of the other evidence she adduced as to his conduct prior to the separation was perhaps justifiable.

Two private investigators were involved in this case, Mr. Lawrence Steele and Mr. Roy Humphries, both of Montreal. There is some question about the propriety of the attitude of one of the investigators whose evidence appears on page 13. After being sworn Mr. Steele was questioned by Mr. Lieff and asked if he could identify a photograph of the respondent, which he did. The questioning then continued:

Q. Did you investigate his behaviour?
A. I did.
Q. When?
A. I first started the investigation in February, 1959, but nothing really happened until May, 1959. He is with the air force and he would be flying in and out every other day of the week. On May 11 I had information that he was in town and I checked at the air base and found that he was in some hotel in Montreal. From investigation at the hotels I found that he was in the—hotel.

I assume the investigator contacted a number of hotels to see if the respondent was registered there. The evidence continued:

Investigation showed that he had been in there on the 11th but I did not see him until the 12th. There was a Mr. and Mrs.—registered in the—hotel, room—. In the evening I called Roy Humphries to join me at the hotel which he did about 7 o'clock. At that time I was in the restaurant and so were the subjects. When they came out Roy followed them upstairs.

Q. After he came back what did you both do?
A. We both sat around the lobby and they came down in the elevator around 10 o'clock. Mr.—and the woman who was with him. They went back about an hour later from the cocktail lounge. Roy followed them up again. We kept observation on that room until 1.30 a.m., which was then May 13. When I gained admittance to the room, after Mr.—opened the door, I showed him my identification card and also his photograph and asked him his name and he told me it was—. And then I told him the purpose of our visit.

One must wonder whether the officials of some of these hotels do not have full knowledge of what takes place in some of these cases. Apparently from 11 p.m. until 1.30 a.m. the two investigators wandered around the floor of the hotel where the respondent was staying keeping observation on his room. Surely a hotel employee encountering them there would inquire about their purpose. They could have been accused of attempting to break into rooms. That, however, is apart from the issue before us. The questioning continued:

Q. Did he have anything to say about the photograph?
A. He just nodded his head that it was him.
Q. And then you went over to the bed?

Hon. members will notice that Mr. Lieff did not ask a question but in fact made a statement. The witness would understand from that question that he was supposed to answer "yes", which he did. The questioning continued:

A. Yes, and I addressed the woman in the bed and told her, "You are not Mrs.—,what is your

name?" At first she did not say anything and neither did he, but I said that we have ways of finding out and it would make it more unpleasant that way.

There is conflict of evidence on this point. Mr. Steele testified that he in fact threatened the woman, but Mr. Humphries testified that when asked her name the woman replied after a brief silence. These two people should get together on the evidence and prepare their notes more carefully. Understanding what happens in these cases I would suggest that there were some threats. Apparently Mr. Steele is the senior investigator and I would think that there were threats used to get the required information. In any event, the corespondent finally gave her name, and that name was on a postal order and other things that identified her as that particular person. This question was asked:

Q. Do you know what address she gave?
A. No, there was no address on that except a Shawinigan address. At this point he told me to get the heck—

I am quite sure that at this stage the respondent did not use the word "heck" and I think the investigator is probably not giving a factual account of what took place in the hotel room.

At this point he told me to get the heck out of there and he started being nasty so we left.

You will notice again that the pattern is the same. The anger starts after all the information is obtained and not before. There is no anger when the investigator knocks on the door or when the gentleman, apparently dressed only in a towel and nothing else, comes to the door. There is no anger or concern at that time. It always happens that either the respondent or the corespondent becomes angry after all the information is obtained, after there is no chance of a slip-up and not having the necessary proof such as the names of the individuals, who was wearing what clothing, whether the bed had been slept in by one or two people, whether the bed was mussed up when they looked at it. They are told to get out after the information is obtained. Anyone giving the matter a little thought will see that the pattern is always the same and come to the conclusion that things just did not happen that way but possibly were arranged.

I notice, Mr. Chairman, that you too are looking round the chamber. If it comes to my attention that we have less than a quorum in the committee I am not sure but what I will so advise you. At the moment I would think that we are running pretty close to a quorum. I believe there are 22 here now.

Mr. Pallett: It shows the interest in your speech.

[Mr. Howard.]

Mr. Howard: I know that my friend is not only interested in the speech I am making now but, when he is in the house, in most of the speeches that I make. But he is not carrying out his function very well because he should be outside the house rounding up members so that there will be a quorum.

An hon. Member: There are only two C.C.F. members here.

Mr. Howard: He should be trying to avoid the government being embarrassed by not having sufficient members present.

Mr. Spencer: We have a higher percentage than you have right now.

Mr. Howard: No, you have not. We have 25 per cent of our members here. I might say that I have never been a higher percentage of anything.

Mr. Spencer: I did not see the member behind you.

Mr. Howard: Oh, he is here. To get back to this gentleman giving the investigators heck and starting to be nasty after the information was obtained, reference is made to an address and I would point out something that has not been cleared up. I should like to refer to point No. 6 in the petition where reference is made to adultery having taken place. It reads as follows:

That on the 13th day of May, 1959, at Montreal—

Then there is reference to a particular hotel.

Mr. Pallett: The percentage is down to 12½.

Mr. Howard: Even so we can still handle the situation. Then the name of the respondent is given as well as another name by which he was known and it goes on to state that he committed adultery with the corespondent. The address of the corespondent is then given, being a particular district in the city of Montreal. But there is no reference in the evidence with respect to whether or not this was in fact the address of this woman. I think it is probably rather immaterial anyway.

Evidence is given about the number of beds in the room. There was just one. There was evidence given that the bed had been occupied by two people, and that the corespondent was covered up to her neck. Then there is reference to the furniture, a dress and clothing in the room. I would point out that there is a conflict in the evidence about a photograph, a photograph such as is normally used to identify the respondent. There are two or three references to a photograph being used and I should like to point them out. On page 11 the clerk asked these questions:

Q. I show you a photograph. Of whom is it a likeness?
A. My husband.
Q. Approximately when was it taken?
A. About three years ago.
Q. Is it a good likeness of him?
A. Yes.

Then the photograph was filed and marked exhibit No. 2. Then on page 15 Mr. Humphries, one of the investigators, was questioned by Mr. Lieff as follows:

Q. Until 1.30 on what date?
A. On the following morning, the 13th. We went upstairs and Mr. Steele knocked at the door. The door was answered by Mr.—wearing just a towel around his waist. He had no slippers or other garments on. He asked him his name and he told him his name was—. He asked him to look at a picture he had in his possession and he said it was a picture of himself.
Q. Is that exhibit 2?
A. No, there was a different picture. This one I saw was one of him in uniform.
By the Chairman (Senator Roebuck):
Q. And did you not have the picture, exhibit 2, with you at the time?
A. At the time I only saw a picture of him in R.C.A.F. uniform.

Senator Roebuck follows up the matter of the photograph on page 16 and says:

It is unfortunate that the witness and his colleague did not have at the investigation the same photograph as is now in our records as exhibit No. 2. However, exhibit No. 2 has been identified by the petitioner as being a true photograph of her husband, and these witnesses identified the person who they saw as the same person represented by the photograph that has been identified by the wife, so I think the situation is sufficiently clear.

I submit that this may not be the case. We all know that when pictures are taken of individuals they are not always a good likeness. Such factors as lighting arrangements, whether it is a profile of the individual or otherwise, whether black and white or colour film is used and the type of film, can result in the production of pictures that are not easily identified. The picture that was entered as exhibit 2 was in fact identified by the petitioner. The investigators say that this is the same person but they had a different picture. The picture, exhibit 2, will be found in the file relating to this case and is easily obtainable. Nevertheless the picture that the investigators used, the one with the gentleman in R.C.A.F. uniform, is not available and we are not able to compare the one with the other to see whether they are in fact good likenesses of the same individual. Even though my dear friend, Senator Roebuck, with whom I have exchanged comments in the newspapers, seems to think that exhibit 2 is sufficient, although he has not compared it with the other picture which he has not seen, I rather wonder about this matter.

I think that Senator Roebuck, because he expressed some concern about these two photographs, should not have allowed the matter to drop. He should have requested that the first photograph be produced in order to ensure, in his own mind, that there was a sufficient likeness between the two photographs that there could have been no misunderstanding as to the person in the pictures. Any person who has been a candidate in an election will know that you can have a photograph taken and say it is not good enough, not a proper likeness or does not flatter you enough, and you will discard it. This is true not only of candidates for political office but respondents or corespondents because, after all, they are people too.

Many of the pictures taken in these cases are not taken by professional photographers. Here is an instance which should have been followed up by the committee. They should have obtained the first photograph from the two investigators to make sure in their own minds that the two pictures were of the same person. Unfortunately the hon. senator appears to have satisfied himself that the two pictures were of the same person and that the situation was sufficiently clear. However, as I have stated, this is a subject upon which the hon. senator might have expanded in order to make sure that such was the case. I am not suggesting that it is not the case, that the two pictures are not of the same person. However, there is a possibility, especially if one is a picture of a person in uniform and another is a picture of a person in civilian dress, of a mix-up.

We all know how different a person would look in a uniform. You, yourself, Mr. Chairman, having a picture taken in your official robes of office as Deputy Speaker would look quite different from being pictured in a business suit. There is a possibility of error.

However, I think I am running close to my time limit. I would have liked to have gone into other matters connected with this particular bill but perhaps I will have an opportunity on another occasion.

Mr. McCleave: Mr. Chairman, the applicant before parliament is a 30-year old private secretary supporting one child on an income of around $250 a month. My purpose in rising is not to bring these humane facts for the consideration of the committee, because I realize that it is of little use or purpose in considering the mischievous animus that activates a few people who have acted in this way for some time.

I was glad my hon. friend from Skeena did not bring up the point that there had been any lobbying in connection with this case because it might have had a very serious effect

on whether or not this bill should properly go through parliament. The respondent's husband has been referred to as a member of the Royal Canadian Air Force. A few days ago he flew to Egypt. Before he went he had been in touch with me several times. He had arranged for a marriage again and quite a considerable sum of money had been spent. He asked whether it would not be possible for the C.C.F. to change its filibuster tactics and allow his bill to go through so that his money would not have been spent in vain. I told him of the rule against lobbying which I had propounded here on previous occasions, and told him definitely to stay away from the House of Commons, not to approach any members and to take his financial licking. Perhaps some day, not at this session but some other time, there would not be this mischievous behaviour on the part of a certain few denying the minority their rights. I gather he has done that and has left the country, poorer for having contracted a marriage and paid a large sum of money and not having been able to go through with it.

Mr. Howard: I should not say this is precisely new, but in one sense it is new. I had understood, not from the hon. member for Halifax directly but from someone else, that there was one particular case in this group with which we are now dealing, in which some marriage arrangement had been concluded based upon the hope that the petition would be granted. I did not know that this was the particular case. I knew nothing about it, or whether there had been any lobbying or importuning of members to hurry up or slow down or anything of that nature.

I would have liked to make some comments about the very things the hon. member for Halifax mentioned. As you know, it is my contention that in those cases where children are concerned we should give a greater degree of consideration to them. I refrained from doing that because the hon. member for Halifax raised a point of order on a previous occasion when I dealt with the question of children. You, yourself, sir, were in the chair at that time and ruled that we had no jurisdiction with respect to children or their maintenance. Your colleague, who is in the chair occasionally in your absence, also made a similar ruling. As a matter of fact, I think he made the same ruling with respect to me four or five times.

The reason I refrained from mentioning the fact that there were children, except to point out that there was one child which indicated the consummation of the marriage, was this ruling. However, there is reference to the income of the petitioner, the fact she looks after the child and that she is working.

All this information is in here. I am very pleased that the hon. member for Halifax did mention this subject. As I say, I did not because I did not want to run afoul of your ruling, even though I know that each member of the committee is vitally concerned about the welfare of the children in any one of these cases. By the ruling, however, we are forbidden to concern ourselves with that. I would say that on each occasion in which there are children concerned I will do the best I can to go as far as I can in the direction of wondering orally about the welfare of the children.

In this particular case, the petitioner has been given the legal custody of the child by the court. As the hon. member for Halifax indicated, the mother is a private secretary with an income of about $280 per month. The child is four, probably a little over four by now, and is looked after by an aunt while the mother is at work. The mother sees the child every night, and sees that he is properly looked after. If these circumstances persist it does appear that the child will get along fairly well in so far as material maintenance is concerned. If the woman marries again, there will be a father and mother for the child. The husband came to see the child very seldom.

As I say, I do not want to go too far in that direction and cause you, Mr. Chairman, too much exercise in getting up and down to call me to order, even though I know this is something that is in the minds of other members of the committee and even though they may vote against particular motions we might move at some time in order to ask permission to discuss the children themselves.

From the remarks of the hon. member for Halifax I took a certain inference. He made some reference to the mischievous few and said that because of the actions of that mischievous few some people were not having their petitions for divorce dealt with as expeditiously as they might have expected, having regard to the procedure in years past. From what the hon. member for Halifax said I also assume that he is referring to me as being one of the mischievous few and to the hon. member for Timiskaming as being the other half of the mischievous few. Whether or not this is so, he did not say, but I think I am entitled to take that attitude.

Seriously, may I say this? While the hon. member for Halifax may allege that this action is mischievousness,—a description which would indicate that it is not sincere—I think I should be afforded the opportunity of making a comment in rebuttal thereto in order to point out to the hon. member for Halifax that such is not the case. It is not a question of mischievousness. It is not a

question of lack of care or concern for the individuals involved but rather of the greatest appreciation for the domestic problems they have and of great sorrow—in some cases more than in others, depending on the circumstances, of course—for the steps that these people are obliged to take in order to obtain relief from their marital problems. They are steps which are not available to people living in other provinces; they necessitate long delays, in many cases up to a year.

In this particular case, I find from a quick look, it is almost one year ago—May 13, 1959—that the adultery took place. In any event, even if we had not debated and discussed these particular divorce bills to the extent that we are discussing them, with the particular goal we have in mind, it would have been 10 or 11 months anyway before the petitioner here could have had any hope of getting a divorce granted or of getting relief from her problems. In some cases the time range is over a year.

This situation arises because this particular petitioner here and others must take the step of petitioning parliament, that parliament can deal with these petitions for divorce only when it is in session and that it is not in session all the year round. We set up rules governing the procedure. The other place does so and we do so by our standing orders. We set up rules with regard to private bills. These rules say that you must have your application in by a certain time. If you do not have it in by a certain time, parliament is not going to deal with it anyway. A person might find himself or herself just over that borderline of the time limit and having to wait until the next session. It is a question of costs which range in amount, on the average, to twice as much as they do in any other province. For these things we have great concern.

There are also other matters but these are vitally important ones. There is the question of the welfare and maintenance of children, a matter with which we have no right to concern ourselves or to deal with. We can grant a divorce but we cannot take any action to deal with the children themselves. This is another unfortunate thing. This jurisdiction should be vested in the same place so that—

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

Mr. Howard: Certainly.

Mr. McCleave: Does the hon. member feel that the laws of the province of Quebec dealing with the custody and maintenance of children are adequate or not?

Mr. Howard: I am not sufficiently familiar with them to answer that question. So far as I have had the matter explained to me as it relates to custody and maintenance of children I gather that there is sufficient provision. However, the same civil code in Quebec which allows a legal separation does not allow a divorce, even though the grounds are the same. In the second place, if a woman obtained a legal separation from her husband in the province of Quebec and was awarded alimony for herself—assuming there were no children and there is no provision for the children—the moment she obtains a divorce through this system, then she no longer gets alimony. It has nothing to do with whether she has married again. I see that my hon. friend shakes his head as if to say that it is not so. I wonder whether I might ask the hon. member for Halifax whether the shake of his head indicates that I am incorrect in that matter?

Mr. McCleave: No, it only indicates a terrific headache. I am sorry my hon. friend took that meaning from it. I dare say it will clear up about August.

Mr. Howard: You mean October. We will be back in session by then after the summer recess.

In any event, as I understand it that information is factual and is given in evidence by a lawyer from Quebec in another case that is before us. Therefore to that extent they are not sufficient. To the extent that the courts under those laws are able to deal with the maintenance of children, yes, possibly that is so. But as to dividing jurisdiction between divorce on the one hand and maintenance of children on the other hand, that is not fair to those individuals. We think there are alternatives to this particular matter which would be much fairer than the situation is at the present moment. We think there are alternatives to the present system of parliament having to deal with these matters.

Mr. McCleave: Mr. Chairman, I must rise on a point of order. I think there will be opportunity to discuss the general application of divorce either on third reading of this bill or other bills or on second reading of other divorce bills that appear on the order paper. However, I do not think there is supposed to be general discussion in committee on these matters.

Mr. Howard: If I may, I should like to make a comment on the point of order. It is done because the hon. member for Halifax referred to the mischievous few in this house. I tried to find out from him whether he is referring to me and to the hon. member for

Timiskaming. I assume that he is referring to us. It was on that assumption that I was arguing the case and trying to point out that we are not mischievous, that we are vitally concerned about and interested in this question of divorce.

Mr. Pallett: You would be non-suited.

Mr. Howard: Someone says "nonsense".

Mr. Pallett: Non-suited; I said you would be non-suited if you tried to argue in that way.

Mr. Howard: In any event—that term escapes me for the moment—we are vitally concerned about this question and we should like to see something done about it. The alternatives are many. The problems are many now and they could be overcome. That is why I was arguing along those lines. I was doing so in order to point out to the hon. member for Halifax that even though that phrase "mischievous few" is a gentle and delicate one and certainly could not be considered to be unparliamentary, it is one which in the circumstances is far too strong for the hon. member for Halifax to think about or to use. That was the reason I was arguing along those lines, namely to point out that it is not mischievousness that causes us to follow this course.

We consider that it is the only method available to bring to the attention of the committee, to parliament and to the country the necessity for making alterations which will bring about conditions which will be more fair, just and equitable to those people in two particular provinces who find it necessary to petition the Senate and the House of Commons in order to obtain a divorce. As I said, there are many alternatives. Each one, if followed, would afford some measure of relief and relaxation of the burden which is upon individuals in those two provinces to obtain a divorce. The mere fact that the lapse of an entire year between the time adultery takes place—

Mr. McCleave: Mr. Chairman, I again rise on a point of order. These points are very interesting and have merit, but surely they are meant for discussion on second or third reading, the appropriate times, not when the house is in committee on a particular bill.

Mr. Howard: May I speak to the point of order, Mr. Chairman. I would point out to the hon. member for Halifax that I think his point of order is right but his argument is wrong. We would be just as much out of order to discuss these things on second and even more on third reading than we are at the moment.

[Mr. Howard.]

The Deputy Chairman: We are more concerned right now with proceeding with our discussion in committee. The hon. member has strayed very widely again, and I ask him once more to come back to this bill.

Mr. Peters: Mr. Chairman, on the point raised by the hon. member for Halifax I would like to point out that while it is true we are concerned with each individual as he or she comes before us—and we appreciate the fact that the chairman of the committee has advised against lobbying as in years gone by—it still should be borne in mind that we weigh each of these cases on its merits, not on granting the divorce. It may be quite fortunate that in this particular case the divorce has not been granted previously, particularly when this gentleman is being transferred to Egypt, as I understand it. If he had not remarried by the time he left here, if he had obtained this divorce it is possible he would have been married in Egypt and his problem might have been international rather than just of a local nature.

In this particular case there was an alimony settlement made in the province of Quebec which awarded the wife $100 a month, and she drew that for a little over two years, amounting in all to about $2,400. If he had not paid this alimony or been in a position where he had to pay it, then he would have been able to pay $2,500 for the divorce and there would have been no problem.

As it is, if the chairman of the miscellaneous private bills committee checks up he will find he has been able to save $100 a month from September to May because the wife decided she did not want the $100. So there is that amount of money available as a down payment for this divorce in any event.

I do not think that any consideration should be given to the argument that delay is taking place. I think we should be ashamed of ourselves for what has gone on in the past rather than attach any blame to anyone for going into these particular cases. In this case we are concerned with a point made by the hon. member for Skeena, that the maintenance for the child has been discussed in a particular case, and we will find it in the 48th report. I would like to quote what the lawyer said because at that time he was referring to this matter. On page 12 senator Farquhar asked:

Q. If you get this divorce is he bound to continue paying that $75?

That is the amount awarded in the civil court in Quebec. Then Mr. Usher said:

Senator, probably I would be better able to answer that question. Under our jurisprudence, once there is a divorce the obligation to support the wife ceases, but the obligation to support the child remains. If there is a judgment rendered by the

superior court of Montreal awarding alimony in favour of children a divorce in Ottawa does not affect that, because it is not an alimentary payment to the wife. Mr. Justice Mackinnon, I think it was, in around the year 1952 or 1953 rendered a judgment to that effect, that a divorce does not affect the alimony payable for children.

Mr. Chairman, I believe that statement, if it is factual—and I have no reason to think it is not—has and should have a bearing on what we do in relationship to payments to the wife and children, and particularly the desire we have expressed many times that the superior court in the province of Quebec should make these decisions rather than leave them to us in Ottawa when we have not the jurisdiction to make those particular rulings.

This case is an interesting case, as the hon. member for Skeena pointed out. There are a number of facts in this case which we have not been concerned with in other cases, and I think for that reason we should give some consideration to the problems arising from this source. I would like to read a short part of the evidence appearing on page 12 of the 47th report, as follows:

Q. But when did you stop living together as man and wife?
A. In the summer of 1957.
Q. What sort of life did you have with your husband for a year or two prior to the summer of 1957?
A. Very bad.
Q. What was the trouble?
A. He was not home very often and I saw a social worker.

To digress, I would suggest that very few people employed in the air force, particularly in certain fields, are home, and this does not always warn of bad relations unless other factors are hinted at which are not discussed at all in this case, and that is the complaint of mental cruelty. The report goes on:

Q. When did you see a social worker?
A. In the summer of 1957.
Q. Why did you see a social worker?
A. Because I was feeling kind of sick.
Q. Did you consult a doctor?
A. Oh, yes, I did.
Q. What did you learn?
A. I learned that he had given me a venereal disease.
Q. Did you take treatment?
A. Yes.
Q. Are you all right now?
A. Yes.
Q. Did you have venereal disease at the time of your marriage?
A. No, sir.
Q. From the time you learned about that—it was in the summer of 1957 that you learned about that?
A. Yes.
Q. —up to the present time have you lived with your husband as man and wife?
A. No, sir.

Mr. Chairman, this raises in my opinion, a number of questions. One of them is the question that some consideration should be given to these people in a social service way which would eliminate probably some of the disagreement which appears to have arisen from the employment of this particular airman and the fact that he had to be away from home for some time. I was interested to know what the effect would be in relation to this venereal disease charge, because I understand this is a factor in separation and divorce proceedings and has a connection with what the courts decide in these particular cases. On page 337 of Kent Power's authoritative work on jurisprudence in Canada appears the following:

Proof that the defendant husband is suffering from a venereal disease may be accepted, according to the circumstances, as sufficient evidence of adultery unless the contracting of the disease is satisfactorily explained.

Then reference is made to an Alberta case, L. *v* L., where the defendant husband was shown to be suffering from syphilis.

It was of recent origin and there was complete absence of evidence other than the testimony of the defendant to indicate that he might have been affected innocently. The court accepted as true the testimony of the plaintiff that she had not had sexual intercourse with any man other than the defendant. He also testified that he had not committed adultery with any person since his marriage to the plaintiff nearly five years previously. It was held that this statement of his was not of sufficient evidence in the circumstances to repudiate the presumption arising from the other evidence that he had committed adultery. Therefore an order *nisi* should be granted.

Reference is made to a number of other cases of that nature, and it is pointed out that in each of these cases sufficient evidence of this kind will constitute reason for a separation on the ground of mental cruelty. It is further pointed out on page 537 that where the communication of venereal disease is relied on as constituting cruelty it is not necessary to plead or prove that it was communicated wilfully, negligently or recklessly. Reference is made to the case of Browning *v.* Browning in 1911, where it was stated that in practice, unless a defendant is able to prove that he obtained venereal disease in a manner that would be acceptable to the courts, transmission of the disease is sufficient to constitute evidence of adultery.

This being an acceptable method of establishing adultery, I am surprised that the committee of the other place and the lawyer handling this case did not place more emphasis upon this aspect of the petition. It must certainly have led to medical attention being given at the time. If the facts are as stated it could probably be proved that this disease was communicated without any care being taken as to the results. If this is an acceptable method of establishing adultery

charges—and the leading authority in Canada appears to accept it as such—I am surprised that a counsel with the experience of Mr. Lieff would go to the trouble of bringing in evidence of adultery at a later date. The court in the province of Quebec must already have given consideration to this matter; it awarded alimony and a separation on that basis.

To return to the evidence, the question is asked: Was there any agreement? The answer is given in the negative. Then questions were asked about reconciliation, as follows:

Q. Was there any chance of reconciliation between yourself and your husband?
A. No.
Q. Did you do all you could to make a success of this matter?
A. Yes.
Q. Did you give your husband any reason for running around with anybody else?
A. No, sir.
Q. While you were with him did you consult a psychiatrist about his behaviour?
A. Yes.
Q. Did you tell the psychiatrist your problems?
A. Yes.
Q. And about your husband's?
A. Yes.

I am surprised that the chairman of the Senate committee should have allowed these questions to be asked without seeking to arrive at the reason why the psychiatrist was consulted and what the result of the treatment was; whether the wife was to be treated for some quirk of a mental nature, or whether the husband was suffering from some such affliction. I am sure that if the Minister of National Defence were here he would immediately say that an airman would obviously not be so affected and that therefore it would be the woman who was benefitting from psychiatric treatment, because, certainly, air force personnel are not suffering in this way or they would be in a mental hospital or receiving treatment from another source.

I should like, now, to consider the evidence as given by Mr. Steele. I am particularly interested in knowing how they found out who this man was. There was a reference to the fact that they knew which hotel room they were in, No. 944—

It is quite all right. The hon. member can leave. I think there is a quorum.

The evidence at this point reads:

By Mr. Lieff:
Q. Mr. Steele, can you identify the photograph which has been filed as Exhibit No. 2?
A. Yes, it is Joseph Hould.
Q. Did you investigate his behaviour?
A. Yes, I did.
Q. When?
A. I first started the investigation in February, 1959, but nothing really happened until May, 1959. He is with the air force and he would be flying in and out every other day of the week. On May 11 I had information that he was in town and I checked at the air base and found that he was in some hotel in Montreal. From investigation at the hotels I found that he was in the Laurentian hotel. Investigation showed that he had been in there on the 11th but I did not see him until the 12th. There was a Mr. and Mrs. Joseph Hould registered in the Laurentian hotel, room 944. In the evening I called Roy Humphries to join me at the hotel, which he did about 7 o'clock. At that time I was in the restaurant, and so were the subjects. When they came out Roy followed them upstairs.
Q. After he came back what did you both do?
A. We both sat around the lobby and they came down in the elevator around 10 o'clock, Mr. Hould and the woman who was with him. They went back about an hour later from the cocktail lounge. Roy followed them up again. We kept observation on that room until 1.30 a.m., which was then May 13. When I gained admittance to the room, after Mr. Hould opened the door, I showed him my identification card and also his photograph and asked him his name and he told me it was Joseph Hould. And then I told him the purpose of our visit.

I call attention to the fact that they do not indicate how they found out where he was. The witness does not say he consulted the register. I am not aware whether a detective has a right to direct a hotel to produce the register or not. If he has, then I am surprised that the witness had not seen the handwriting of this man, or had not looked at the register. On page 14, the witness says:

Q. Did you see the registration?
A. I did
Q. You were not able to check the handwriting?
A. He did not leave it there very long.

I do not know to whom reference is made, but the Laurentian hotel must be a good one to stay away from if the hotel permits private dicks to wander around at will, make entry into rooms at will and conduct an examination of the registry, however briefly, at will. I was previously under the impression that the hotel had a good reputation. I did not know it catered to the divorce mill making its facilities available to detectives in cases of this nature. Perhaps the investigator represented himself as a detective in the employ of the hotel.

Canadians must be damn fools if when they are awakened in the middle of the night by an unknown joker they throw open their doors and welcome him with open arms. I could understand this happening in the bush where you may find a sign on a door inviting you to lift the latch and enter because you will be welcome at any time but this is not true of large cosmopolitan cities. It has not been my experience that you are admitted into homes at three or four in the morning.

Let me cite a personal illustration. In the town of New Liskeard my son recently rented the Legion hall for a teen town dance. After the dance it was discovered that the key to the hall had been taken home by another

executive member. My son went to the homes of three members at a late hour in an attempt to recover the key but no one responded to his knocking at the door. He went to two or three other places but met with no success. Finally I had to get the telephone operator to ring for a long time the telephone of someone I knew before I could get an answer. It simply is not reasonable to ask us to believe that Canadians are so stupid as to welcome strangers at three or four in the morning wearing only shorts or a bath towel. There must be connivance, assistance from the hotel or misrepresentation on the part of the detectives. The detectives give the most flimsy, unsupported and incredible evidence and the chairman who handles these matters has the audacity to say that these bills are being held up unreasonably.

I wish now to deal with another important matter, the posiion of the corespondent in these cases. I have not asked what his position is but if I were a corespondent I believe I would fight the case because my reputation and good name would be at stake. If I did not defend the case it would mean one of two things, that the facts were as stated or that I was hired to do a certain job. It is not for me to decide whether this is connected with the divorce court or the morality set-up in Montreal but some consideration should be given to the corespondent.

In the present case there is some difference of opinion about the address of the corespondent. Mr. Steele in his evidence said that her address was Shawinigan Falls. I do not know where Shawinigan Falls is but I have heard of it and I am sure that a letter addressed there would reach the person for whom it was intended. Reference was made to a Blue Cross card on which the young lady's name was given as Lorna Challow, and her address as Shawinigan Falls. The chairman then asked where the lady was served and the clerk of the committee said she was served at 4132 Parthenais street in the city of Montreal.

What kind of clerk do we have in the Senate? Why would he send notice to her at an address in Montreal when on the basis of the evidence her last known address was Shawinigan Falls? There is no previous reference to the Montreal address. I have served summonses for witnesses and have always understood they should be served in person at the last known address of the individual. It is a serious matter if the corespondent in this case has not been served and does not know she has the opportunity to appear before the Senate and the House of Commons to defend herself.

We are certainly not interested in pressing any charges that could be laid as a result of her actions if she admitted them. On the other hand she may not have been served and she may be unaware she has the opportunity to deny the allegations. We have the obligation to ascertain if she ever received notice. Because her last known address is Shawinigan Falls we have no right to assume that notice would have been served at the Montreal address.

This is a serious matter. We are making charges in this case against a third party. In my opinion the third party in these divorce cases should be given the benefit of the doubt even if nobody else is. If this young lady wishes to give evidence to indicate that she is not guilty of adultery and had no part in it I think she should be allowed to do so. Everyone here is aware that there have been discrepancies in cases we have dealt with before. The hon. member for Halifax referred to one that he asked to have referred back. We know of cases where the evidence has not been true, where the respondent was not notified and did not know anything about the proceeding. We know that these cases exist.

We have been asked to deal with one and I suggest that we give the chairman of the committee handling these cases the opportunity to ask for unanimous approval to have this case referred back so that this matter may be cleared up. I should like to ask the sponsor of the bill if he will not agree that this is a matter of grave concern and that the third party may be an innocent party. We know that there are over-zealous lawyers and over-zealous detectives. In fact, in many cases the senators may be over-zealous because they are under great pressure when they have 500 cases to deal with. They also want to take a holiday of a month so they are under some pressure also. This pressure may be to the detriment of the corespondent in some of these cases. Would it not be in the interests of common decency and justice to refer this case back so that the co-respondent's wishes can be ascertained?

Mr. McCleave: Mr. Chairman, I do not think that course is necessary in this case. Admittedly there should be an investigation of the methods of service. We are going to have the opportunity to do that in another case, but to proceed merely on the ground of suspicion seems to me a very poor judicial course indeed.

Mr. Howard: Mr. Chairman, there is one other matter I should like to draw to the attention of the committee. It touches to some extent on the comments made by the hon. member for Timiskaming because it relates to the conflict in the evidence given

by the investigators in this case. It makes one wonder whether their evidence—I will not say it was untruthful—is a true reflection of what occurred in this hotel.

I have gone quite fully into the strangeness of someone appearing at the door in a bath towel and not objecting when two strangers walk into the room and ask a series of questions. That has been dealt with at sufficient length to say that it is more than just a coincidence. But there is one phase of the investigation conducted by these two gentlemen that makes me wonder. I gather that Mr. Steele is the senior of the two, at least in so far as giving evidence is concerned, because he gave his evidence first. In effect Mr. Humphries was only asked to corroborate and substantiate what had been said. I should like to refer to some questions asked of Mr. Steele by Mr. Lieff as found on page 13. I have mentioned this before, Mr. Chairman, but I should like to reiterate it and connect it with something else. I read the following:

Q. After he came back what did you both do?

He was referring to the time after Mr. Humphries followed these people upstairs in the early part of the evening.

A. We both sat around the lobby and they came down in the elevator around 10 o'clock, Mr.— and the woman who was with him. They went back about an hour later from the cocktail lounge.

This was about 11 o'clock since they were there about an hour.

Roy followed them up again. We kept observation on that room until 1.30 a.m., which was then May 13.

The room number is given in the evidence later on. I am quite sure there is no room in the Laurentian hotel opening on the lobby. It was upstairs off one of the corridors. Then he gives the rest of his evidence. Mr. Humphries was then called and sworn and was asked a number of questions. As found at the top of page 15, I read the following:

Q. When did you get there?
A. Approximately seven.
Q. Did you meet Mr. Steele?
A. No, not immediately. I went in the lobby, and he came from the side entrance to the restaurant that is directly behind and he signaled to me to follow two people, which I did. I followed them in the elevator and they went up to the ninth floor, and went into room—to the left of the elevator. I then returned to the lobby and spoke to Mr. Steele.
Q. Never mind what you told him, but after you spoke to him what did you do?
A. I remained in the lobby until 10.30 when they came down.

There is some conflict there. One of them says 10 o'clock and the other says 10.30. I suppose two people sitting in the lobby could be mistaken to the extent of half an hour, but if they are assiduous investigators, as I understand these investigators want to be, who know they are going to come before a committee and swear to things under oath, you would think they would have the sense to look at their watches or the clock on the wall to determine whether it was 10 or 10.30. That is one part of the evidence that is in conflict. I continue:

A. I remained in the lobby until 10.30 when they came down.
Q. Who did?
A. The man and the woman.
Q. Which man and which woman?
A. This man accompanied by a woman.

We still do not know which man. It is "this man".

Q. What happened to them?
A. They went downstairs into the Kiltie lounge, and remained there for approximately an hour, and again returned to their room.

It was a certain number on the ninth floor.

Q. What did you do?
A. I followed them up after they went up and taped up the door with a piece of sticky tape.

If the tape is still there the next morning it is supposed to be proof that the door was not opened in their absence. If it is gone then they can say that the door has been opened.

I then returned downstairs and we waited there until approximately 1.30, and then Mr. Steele and I went there together.

One investigator says that these people came down at 10 o'clock and went up an hour later which would be about 11 o'clock. The other investigator says that these people came down at 10.30, stayed about an hour and then went up. One investigator said that they kept observation on the room on the ninth floor from the time the people went up there at 11 o'clock until 1.30. I would assume that they saw the room, they looked at the room, they watched the room. The other investigator says that they came back downstairs and waited in the lobby until 1.30. Which is correct? Which is right? Are investigators such as these so used to giving sloppy evidence under oath that they do not care about looking at their watches to determine what time it is and do not worry too much about the degree of accuracy with which they give evidence in a particular case? I assume that because of past activities before the senate committee and the committee of this house these people have formed the idea that they can get away with almost anything and have become lax in getting evidence.

Thus we have a conflict as to the time, 10 o'clock or 10.30, on the part of two people who were both there and both of whom certainly knew, I submit, that they were going to have to appear in court as detectives or private investigators or whatever they call themselves and were going to have to swear

under oath to certain things. Nevertheless, one of them says 10 o'clock and the other says 10.30. One says that they kept observation on the room, indicating they were upstairs on the ninth floor somewhere, and the other one says, no, we did not; I went up and put some tape on the door, then came back down and we waited in the lobby. There is such a lack of clarity as to what these investigators did that I would ask that at some subsequent time this bill be referred back to the miscellaneous private bills committee so that Mr. Steele and Mr. Humphries could appear and indicate to the committee whether it was 10 or 10.30 and whether they both went upstairs and observed the room or whether they waited downstairs until 1.30.

This conflict in evidence throws a great deal of doubt upon the evidence of these investigators. It causes one to wonder whether they have become sloppy over the years in the presentation of evidence before the Senate committee. Perhaps they do not care whether or not what they say is accurate so long as they get the evidence in about somebody opening a door and they ask the woman or man in bed what his or her name is and give evidence that they wore clothes or the lack of clothes, of such a nature as to indicate that adultery might have taken place. In view of this conflict I, for one, would suggest that this would be one of those cases that should be looked into more carefully. If the Senate committee, under the guidance of the Hon. Senator Roebuck, is so concerned about getting these divorce cases through here—one can see now why he wants to ram these things through.

Mr. McCleave: I rise on a point of order, Mr. Chairman. This is the third time this afternoon that offensive words have been uttered against a gentleman in the other place by the two members in that corner. This is clearly against the rules of this house.

The Deputy Chairman: Yes, I think the point is very well taken. The hon. member should refrain from making comments about a member of the other place.

Mr. Howard: Yes, all right; I shall refrain. I certainly do not want to transgress the rules of the house or cast any reflection upon members of the other place, particularly my good friend the hon. senator. However, the evidence which was obtained under his chairmanship would certainly call for a second look because of these conflicts which I have pointed out. There is the conflict about time. The two investigators were not sure whether it was 10 or 10.30, and they were not sure whether they were in a corridor on the ninth floor observing a room or whether they were down in the lobby waiting until 1.30.

With all respect, Mr. Chairman, I believe this is a case in which some steps should be taken, perhaps after the bill is reported, to refer it back to miscellaneous private bills committee in order that these conflicts in the evidence might be cleared up. In this regard, I might say I have great admiration for the hon. member for Halifax, with his legal training, his perceptive ability and his experience in these matters. Perhaps the hon. member might give the house the benefit of his experience in these matters and guide us as to whether or not he, as chairman of the committee and sponsor of the bill, thinks it would be wise to refer this case to the miscellaneous private bills committee in order to ascertain what the situation was that these two detectives found, and in order to clear up the conflict between them in the evidence.

Mr. McCleave: This is always a point in these legal cases. If witnesses give similar testimony, the opposing lawyer says there is evidence of conniving, they are acting in cahoots with each other. On the other hand, if there is a discrepancy in time of half an hour or thereabouts, then we have criticism such as my hon. friend has directed against these witnesses. I think his point of view is a reasonable one in that, at the trial, they should have been asked to account for these differences. However, I do not believe the differences in their evidence are so vital to the case that the course the hon. member suggests should be followed.

Mr. Peters: I am surprised, and concerned, that in this particular case we have not yet been able to establish whether or not the respondent or corespondent was notified as to the machinery available for his or her defence. We have, on occasion, had a corespondent come before parliament as a witness to attempt to prove the case on behalf of the respondent. However, we might find cases in which the situation was not as pictured. The corespondent in a particular case might not have been in the situation indicated by the evidence. He might have dropped into the hotel room for a drink and been framed into being the corespondent in a divorce case. In this particular case, he might not even have known that these proceedings were going on or that he had an opportunity to appear before the Senate or this committee and be heard.

Certainly, the Senate is O.K. We will not talk about the senators. However, I believe they have done a sloppy job. We do not need to mention them. There are only four of them on the committee.

Mr. McCleave: I rise on a point of order, Mr. Chairman. There has been a direct allegation made against members of the other place.

I submit that is definitely against our rules. I believe it is page 107 of Beauchesne's Parliamentary Rules and Forms, fourth edition, page 107, standing order 35, which says:

> No member shall speak disrespectfully of Her Majesty, nor of any of the royal family, nor of His Excellency or the person administering the government of Canada nor use offensive words against either house, or against any member thereof.

I submit this covers this particular instance.

Mr. Peters: On the point of order, I would submit that I certainly did not intend to make any reference to the character or person of any particular senator. I think the operation of the Senate committee which heard this case was sloppy, and I think we have proven that by reference to at least seven or eight discrepancies in this evidence. I suggest, Mr. Chairman, that no slur was intended against any particular senator, but rather on the work of the committee of the other place. I might point out again why I believe that statement applies to this particular case and this particular evidence.

If you will check on the matter, Mr. Chairman, you will find that the evidence is signed by F. S. Lawrence and G. R. Baker, official reporters of the Senate of Canada, sworn reporters. I do not think that any evidence was given that does not appear here. I would have thought that the serving of a summons or a notice or whatever it is that is served on a corespondent should have been served at the place of last address. It was not served at the place of last address. It was served at an address not in Shawinigan but in Montreal. I am curious to find in the evidence any indication of where the committee received this information to send to this particular address. They did not get it from the evidence of the detectives. They did not get it from the evidence presented to us. Hence I am wondering if there ever was such an address or if any notice was ever sent to this address or if there was any intention whatsoever of giving an opportunity to this young woman to appear and defend herself against charges which may or may not be correct. In either case she may or may not wish to defend herself but I suggest, Mr. Chairman, that she should have the opportunity of doing so because she is a third party and an injured party in this particular case.

I mentioned the fact that this to me was sloppy evidence. Would it not be a good question to ask ourselves what happened to the original picture that was used in this particular case? Where did the detectives all of a sudden find exhibit No. 2 which is the second picture which is not a picture of a man in an R.C.A.F. uniform but a picture of another type altogether. Did it not occur to the Senate that it might be wise to find out what happened to the other picture, of whom it was a picture or any other factors?

It may just be possible that this address, the name and the incidents of the whole case, are nothing but a figment of the imagination. It is quite logical to make that assumption. We have one picture appearing in evidence and the picture that was used by means of which they identified the people who were in this hotel room is not the same picture at all. It may be of somebody else altogether because we did not see the picture. Nobody asked what happened to the first picture that was presented and why the second one was substituted in its place.

Let us look at another item in this evidence. I have been before a number of courts in another capacity. In these cases almost without exception when any evidence was being obtained, the least that was done by the detectives or the people that were getting the evidence was to get into the next room so that they could listen through the wall or go into the clothes closet. There was the old story about holding a glass up to the wall and listening to all the things that were going on in the next place. They tap the telephone if it is at all possible. They do all sorts of things. But no; they are not done in this case. The detective drives up to the hotel. He has free access to large hotels. He goes into the room and tells the man when he gets in that he is there for this purpose. He does not get thrown out. He does not even get insulted in most cases. In this case I think there are good grounds to say that this particular incident is like other incidents which we shall prove before the session is over. I think it can be indicated that the incidents in this case and in a number of other cases are figments of the imagination of the detectives themselves and that the situation as expounded by them does not now exist, has not existed and never did exist.

If this was not so, I am quite sure the Senate would have done as they did in other cases and would have asked questions that would have led us to know that they had given serious consideration to these matters. It is true they asked, "Is this the picture?" Then they are told, no, this is not the picture but it is a similar likeness. Who says it is a similar likeness? The wife and the two detectives. But does she say she has seen the first picture, the one on the strength of which the detectives made the raid? No; she does not say that at all. This question was not asked. There was no inquiry in this respect. She admits that the picture that is shown in the Senate is a likeness of her husband. I would suggest that there should have been some inquiry because it is quite likely that the

respondent in this case could have made an appearance there. Certainly it would have been a very embarrassing situation if he had turned up for the Senate committee to see him and he was not the same person as that in the picture being presented to the Senate. If he had been the person in the first picture and had turned up there, there would have been quite a few questions asked and I think the detectives would have had to say, "We are sorry, but we are here with the wrong case; we will be back tomorrow with this one."

For this reason I think the evidence that is given in this case is unsubstantiated, and has not been documented and that no opportunity has been given for it to be disproved. I might go so far as to suggest in this particular case it was not until the last minute they knew whether the respondent had been invited to attend these hearings. If we are going to handle these cases, we are going to handle them with much more care than we have been exercising in the past. I do not mind how lazy, incompetent or careless Senate committees are. We are not going to be incompetent; we are not going to be careless; and we are not going to rubber-stamp their inefficiencies. We are going to ask these questions and we are going to find some answers or there is going to be a different system of handling them.

Mr. McCleave: I rise on a point of order, Mr. Chairman. The hon. member has used adjectives which directly reflects on members of the other house and that procedure is contrary to section 107 of our rules. The words to which I refer are "lazy" and "incompetent".

The Deputy Chairman: It is quite right that the hon. member must not reflect on the other place. I am sure the hon. member for Timiskaming did not intend to do so. I was listening to him quite carefully and I was under the impression that he slipped a little bit.

Mr. Peters: I am certainly not referring to any of the senators as being lazy or incompetent. I am referring to this report or to the evidence we have. This report, this evidence and the whole presentation of this case bear out the correctness of the adjectives I used. I have no friends in the Senate. I do not know more than three or four senators. I certainly do not wish to reflect on any of them.

The Deputy Chairman: I would ask the hon. member to be more careful.

Mr. Howard: There is one matter—

Some hon. Members: Carried.

The Deputy Chairman: Order.

Mr. Howard: Here we have this insane rush again. May I say to hon. members that they should just relax. They are in a rush all the time and that is what gets them ulcers. During the course of this discussion I think the hon. member for Halifax has been most helpful in assuring us that the conflicts in the evidence, which were questioned by the hon. member for Timiskaming and myself, were not serious matters. However, in the discussion two or three fairly important points have been raised and I do not think they have been answered satisfactorily by the hon. member for Halifax or by anyone else.

One is the question of the two pictures. The hon. member for Timiskaming dealt with this matter quite thoroughly. He pointed out one matter and I mentioned it also. How are we to know whether one picture is the same as the other picture or whether they are both pictures of the same person? If they are both the same person, are they a sufficient likeness of that person? This we do not know. We are not sure. The evidence is absolutely unclear about it. The only comment we have is the reference to it by Senator Roebuck, that he thinks it is sufficient.

Second, the address of the corespondent is unclear. The hon. member for Timiskaming points out that the corespondent was served at 4132 Parthenais street, Montreal, but this is the only evidence in the report as to what the address is. The petition shows another address entirely. The petition states that she resided at No. 30, 956th avenue, Pincourt, district of Montreal. The petition states one thing and the evidence another; in fact, it is not evidence but only a statement by the clerk of the committee as to where she was served. So there is a conflict there.

I cannot say that I accept the comments of the hon. member for Halifax with respect to the discrepancy in the evidence of the two investigators, although I know he says that not everybody says the same thing and that the accusation can be made that their evidence is rigged because they consult each other. But in this case here are two investigators working on the case, and one phones the other and says, come on down to the hotel. Then the other comes down to the hotel and they both work as a team. Why in heaven's name should they not collaborate and so know whether it is the same time or not? You can cast more doubt on them not knowing it was the same time because they worked together on the case than you can on their saying it is the same time and accusing them of collaboration.

As the hon. member for Halifax pointed out, these are not two witnesses who are dissociated one from the other and who appear

in court to give evidence about something which each of them saw separately and which they were not supposed to work together on. This is evidence of two people working together as a team. One phones the other and says, come along down, and he does and then each gave evidence supporting what the other did. Mr. Steele gives evidence that his partner Mr. Humphries came down and went into the restaurant and then followed upstairs. Then Mr. Humphries gave evidence that he got a call from Mr. Steele and went down to the hotel but did not meet him immediately. Then he got a signal from him to follow two people who were going up in an elevator. This is a collaborative effort, two people working together.

I submit that this requires a pretty thorough examination in an informal way of sworn witnesses which examination we in this house committee cannot do. Only the miscellaneous private bills committee of this house can do this. I might as well give an indication or notice of my intention in this particular case so that hon. members will be forewarned of it. If this case comes to the stage of third reading, and I suspect it might on a day such as this, because of the reasons I have given just now, indisputable reasons, questions which have not been answered, and certainly not answered but confounded in the evidence, questions which should be cleared up, I am going to move a formal motion based on these reasons that the bill be not read a third time but be referred back to the standing committee on miscellaneous private bills in order that that committee may go more thoroughly into these queries and questions and unclear points and confused and contradictory evidence which has been given.

Mr. Peters: Mr. Chairman, I am concerned with this matter. This is one of the few cases which we have discussed where the doubt in my mind rests not on one of the major parties but on the third party. We have a man in the air force who travels around and whose conduct at home to his wife has not been satisfactory. Yet we find he comes to the city of Montreal and rents a room in one of the large expensive hotels, and the events we have discussed follow.

It would seem to me that we are asked to believe that these things which have been pointed out took place, and that the results of the investigation made by these two investigators were factual. We are asked to believe the story the wife tells us, which is quite a story in itself, where somebody is mentally unbalanced, a psychiatrist is called in, they discuss their medical problems with a social worker and bring a doctor into the case. It is rather a muddled up mess as far as these two people are concerned and we can grant that there is good reason—not necessarily this reason but good reason—for a separation, although the grounds we are using in this particular case are not necessarily those grounds.

What really concerns me is the position of the hon. members of the Senate and House of Commons who are accepting evidence from two investigators, as they so call themselves. I do not know whether they are private detectives; I doubt if the one is, and I do not know about the other. I doubt if they are qualified detectives in the true sense of the word. Probably they are making a living off this particular racket and do not engage much in true detective work. But obviously they have an arrangement with the hotel because they do not even rent a room or pretend to stay there. This sort of evidence goes through without even trying to protect what in this case is a third party.

On page 13 of the evidence Mr. Steele says:

> When I gained admittance to the room, after Mr. Hould opened the door, I showed him my identification card and also his photograph and asked him his name and he told me it was Joseph Hould. And then I told him the purpose of our visit.
>
> Q. Did he have anything to say about the photograph?
>
> A. He just nodded his head that it was him.

He did not say it was him; he just nodded his head.

> Q. And then you went over to the bed?
>
> A. Yes, and I addressed the woman in the bed and told her, "You are not Mrs. Hould, what is your name?" At first she did not say anything and neither did he, but I said that we have ways of finding out and it will make it more unpleasant that way.

I would suggest that he probably meant that if she did not tell him he would twist her arm, beat her up, steal her purse, or do some of the things we have heard about in previous cases. I wonder why the committee of the other house did not ask him what were the ways. Do they allow blackmail? Do they have some method of going to the employer and asking him if she will be fired from her job? Have they methods in the city of Montreal for making things unpleasant? I can think of a great number of things which would be darned unpleasant if they happened through unscrupulous detectives, from the evidence they give of the manipulations they concern themselves with.

Anyway, they did get the information they wanted, and she finally gave her name as Lorna Challow. That name was on a postal order and other things to identify her. Normally we do not use the names of these

people but I should like to use the name in this case for the reason that she may read what I am saying at some time, or read a report in a newspaper, and thus be informed that she, or someone using her name, is a corespondent in a divorce case taking place in the city of Ottawa of which she herself may have no knowledge.

There was no address except the Shawinigan address. I have pointed out already that Shawinigan is not a small town. It is well known to the people of Ontario and I assume it is fairly well known also in the province of Quebec. An address in Shawinigan Falls without any further detail would be a satisfactory address, and even if she had moved to Montreal within recent times it is quite likely there would be a fair chance of getting information to her that she had the opportunity to appear in Ottawa to defend her name against this particular charge. I assume she would have to move to Montreal because she would have to change her medical card and Blue Cross card.

The adultery charge is, of course, phony as it usually is:

Q. How many beds were in the room?
A. Just one. It had been occupied by two people. She was covered up to her neck.
Q. Did you see anything else in the room?
A. Yes, some articles of furniture, a dress and clothing on it.
Q. What kind of clothing?
A. A red dress we had seen on her earlier. That was on the chair.
Q. Please look at the petitioner and say if she is the woman you saw in the bed there?
A. I have never seen this woman before.

Talk about rushing things through. Talk about trying to establish adultery charges. I have read on previous occasions what constitutes an adultery charge, and it is not just thinking about it. However, this is the evidence they gave. This is the evidence which was given by the detectives. I am not too concerned whether the evidence given by one is corroborated by the other. Certainly it should be, because one guy hires the other guy and he has to give the evidence he is asked to give. He would not give evidence which would not confirm previous evidence unless he was incompetent, probably a young fellow who might be impressed by what he saw. It might be his first case. In this instance I have not checked. I do not know whether he has been in many cases.

Then there was this business about the handwriting. In no case did they establish that this was the airman they were looking for. The man never said he was. He did not have to impersonate anyone, because he did not answer the question; he only nodded his head. It seems surprising that this evidence should have been obtained away back in May, 1959 and that this particular detective could remember the guy nodding his head. But in no case have we established that this was the airman or that the corespondent was actually the lady who has been named, or that such a woman existed at all. It is not proved.

No indication has been given that the normal notice was ever sent to her. Perhaps the sponsor of this bill could give us an indication of what type of legal paraphernalia is gone through with regard to inviting these people to attend before the committee when they are involved in a case other than as a petitioner, to inform them that they do not have to testify if testifying might implicate them; that they could give evidence through a lawyer, and that this evidence will carry some weight if it consisted of a sworn statement. Such persons could go to the lawyer of the opposite party, I am told, and give him the evidence if they so wished and it would carry a certain weight and it would not allow them, I am informed, to be put on the stand and lead, possibly, to self-incrimination. They would, however, be able to get across to the committee the evidence which they wished to give without leaving themselves open to charges of perjury or adultery.

This is very important, especially to people who have not been warned about these possibilities. The sponsor of the bill shakes his head. I presume it is that headache of his, but in case it is not, may I say I should be very surprised to think that his nod means that he believes these people should not have the right to know what their rights are. That is not what the courts believe, and in support of this contention I quote from page 340 of W. Kent Power's work:

Although a suit for divorce is a purely civil proceeding, an admission of adultery is held to be incriminating because adultery was an ecclesiastical offence—

This will become an open field when we bring in the ecclesiastical side of it.

—and subject to ecclesiastical censure, and therefore the right to be protected against questions tending to show adultery exists apart from the statute or rule—

Then there is a footnote (d) which reads:

It is one of the principles of English law that a party cannot be compelled to discover that if which answered would tend to subject him to any punishment or penalty—

The Deputy Chairman: I wonder what the hon. member is trying to establish by that quotation.

Mr. Peters: I am pointing out that these people have the right to go before parliament. I am speaking on behalf of the corespondent in this case. They have the right to go before

parliament or before a court and give certain information in various ways which would tend to disprove their adultery without leaving themselves open to a charge of adultery. They are allowed some leeway because if they gave evidence which tended to prove an adultery charge the court would feel it had tended to force the person into the position of committing perjury which would be a charge additional to the one charge of adultery.

The Deputy Chairman: The hon. member has a very fine argument, but I cannot see that it is relevant to this bill.

Mr. Peters: I am suggesting that the corespondent in this case did not appear before the Senate committee to indicate to that committee that she did not commit adultery. I am suggesting that the reason she did not appear was that she was not notified at her proper address. The sponsor was not very cooperative. The hon. gentleman could say I should know this—and I should—but I am not familiar with the methods the Senate employs in sending notices to corespondents that they can appear and defend themselves.

Mr. McCleave: Would the hon. member be satisfied if I were to assure him that exactly the same procedure that is used in the provinces is used in these cases as to the method of service and the sending of notice?

Mr. Peters: Does that involve personal service of a summons or service by registered mail to the last known address?

Mr. McCleave: In these cases I believe it has to be personal service.

Mr. Howard: As I understand it this procedure varies from province to province. I know you can quickly get into an argument by saying you have been advised by a lawyer and immediately 30 other lawyers will disagree with him, but a lawyer explained to me that service upon a respondent or corespondent in Ontario allows for the person to sign his name which in effect constitutes a receipt—

The Deputy Chairman: Order. We are discussing a Quebec case, not an Ontario case. I urge the hon. member to return to a discussion of Bill No. SD-38.

Mr. Howard: I would be pleased to. I will refer to the bill and read therefrom.

—and whereas by her petition she has prayed that, on the ground of his adultery since then, their marriage be dissolved; and whereas the said marriage and adultery have been proved by evidence adduced and it is expedient that the prayer of her petition be granted—

The reference is to adultery. A corespondent is necessary for adultery to take place. The question is whether or not the corespondent was properly served. I was telling the hon. member for Halifax that the procedure here is not the same as in the other provinces. If the procedure is the same as in Ontario there would be on record a copy of the notice which was received with the corespondent's signature on it, in effect a receipt that she received notice of this action.

Mr. McCleave: In this case I believe there would be in our files an affidavit indicating by whom she had been served and where the service had taken place. I cannot speak for this case but there would not necessarily be a signature on it to show that she had accepted service.

Mr. Howard: This raises another point. The hon. member made reference to files containing affidavits. Could this information be made available to the committee at this stage of the discussion? This would be useful in future cases so that if doubt arises the facts may be ascertained without having to guess about them. Would the hon. member explain how we could get that material here?

Mr. McCleave: If the hon. member would show up in committee he could obtain it there very easily.

Mr. Howard: My hon. friend is embarking again on these irrelevancies. The hon. gentleman knows I am not a member of that committee and if he does not know it he should not be chairman. I invite the hon. gentleman to tell us how this information could be made available to committee of the whole house. Membership on this committee is restricted and making the information available to committee of the whole house would assist hon. gentlemen who are not members of the divorce committee.

Mr. McCleave: I am sure it is not such a popular committee that a person could not find a place on it. However, the information could probably be obtained through the committees branch or the miscellaneous private bills committee, but I do not see the purpose that would be served in bringing the information here.

Mr. Howard: Because this is a delicate point in this case, could we postpone consideration of this bill until that information is brought before committee of the whole house?

Mr. McCleave: I have no particular objection to that, Mr. Chairman. I will bend over backwards. I have had my feet swept out from under me since this debate began. We

could, of course, let this bill go to the end of the list and go on to something else and talk it out.

Mr. Howard: My hon. friend is misconstruing my purpose. He is attributing to us by innuendo something that is not so.

Some hon. Members: Oh, oh.

Mr. Howard: No sir. He has always followed this practice as an examination of *Hansard* will reveal only he is now man enough to stand up and say it instead of mumbling it from his seat. I made no reference to this going to the bottom of the list. The hon. member suggested we are trying to shove this to one side but we only want to stand this bill aside until we get the files here. That can be done with unanimous consent. My hon. friend is imputing incorrect and untrue motives to us. If he is willing to allow this bill to stand and then resume debate on it—

Some hon. Members: No.

Mr. Howard: Some hon. members are saying, "No"—

Mr. McCleave: Perhaps I could explain what would happen if we met with the hon. member's request. I do not think our committee branch is open tonight and we could not get the files here and therefore this case would stand at the bottom of the list and we would take up something else. The hon. member seems to be reading into a simple remark like that a suggestion that he is bent on some mischievous course and I did not suggest that at all.

Mr. Pallett: Even if it is true.

Mr. Howard: I will gladly accept the hon. member's withdrawal.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Howard: Mr. Chairman, you will recall that at the dinner adjournment we were engaged in a rather lengthy discussion about a number of items, one of which was the residence of the corespondent and whether or not the corespondent had been properly served with a notice of this action. There was some discussion as to whether in the official files and documents relating to this particular case this information might be obtained. I hope the hon. member for Halifax will not feel upset if I undertake to perform some of the functions of a sponsor of a bill of this nature and relate to the committee information contained in the filed documents relating to this particular case which I was able to obtain during the dinner adjournment. Incidentally, this information was not in the custody of the committees branch in the west block. There is in this file a sworn affidavit relating to the question of whether or not the corespondent had been served. It is an affidavit sworn by a Mr. Rene Ouimet, a sworn bailiff of the city of Montreal, province of Quebec on June 25, 1959. In this affidavit he indicates that he served the corespondent named herein personally with a true copy of the notice which is attached, and left it with her at her place of employment. The address of her place of employment is given, and it is also referred to in the evidence earlier as information given by the clerk of the committee.

Therefore, it would appear from this that the corespondent was served personally. The only thing I wonder about was why the bailiff would undertake to make service of this nature which, as we all realize, involves a sort of complex domestic personal matter. I wonder why he would undertake to serve a copy of the notice on her at her place of employment. Her place of residence would appear to be the proper place in which to serve the notice rather than perhaps to indicate to her fellow employees where she was working that she was involved in an incident of this nature, especially when it is dated one month later than the date of the petition itself, which indicates what her actual residence number is.

At this stage I wish to make additional comments to show that it was possible to obtain the material, the documents and affidavits relating to this particular case in so far as service upon the respondent and corespondent is concerned and also copies of the notice and other documents which are designed to meet the rules of the other place with respect to these matters. I should like to indicate not only for the benefit of the hon. member for Halifax but also for the benefit of other hon. members and I am sure Mr. Dubroy does not mind my saying this—that these documents are kept in the office of the second clerk assistant and if anyone desires to obtain this information it can be found there because these documents will be kept in that office while the bills are being dealt with in this chamber. Once they are passed, all of this material, along with the evidence, will be returned to the Senate.

Mr. Peters: Mr. Chairman, I should like to say that I have also seen what is considered to be, I suppose, the portfolio which contains the information in relation to the service of the petition and the notice of the serving. I have read them; they are contained here

and I think they have allayed some of the suspicions that were voiced before the dinner adjournment. However, Mr. Chairman, I am still at a loss, after reading all of the official documents, to understand how the relationship was established between the Shawinigan Falls address and the subsequent serving of the copy of the petition on the corespondent. The evidence does not show it, nor does the complete report of the committee on divorce of the Senate show how they found out she worked at this particular address. It strikes me as strange that they should have been able to ascertain where she worked when they only saw her in the evening partly clad, at a different address altogether. I do not understand how they came to serve not a summons but a petition where she worked, and how they found out where she worked. It would appear to me that there is still some information somewhere, some method of eliciting the information that they were able to secure in finding out where she worked.

We also mentioned the fact that we were concerned that the corespondent, the respondent and other witnesses, who may be of importance in this particular case, were not given the information which would allow them to decide for themselves whether they could come to parliament or to the Senate committee and obtain protection, if they needed protection, because of the subsequent proving of the adultery charge and at the same time put in a defence if they wished to.

I am not as familiar with these documents as I am with the other ones but we shall be after a while.

Mr. Small: You are taking a correspondence course.

Mr. Peters: We are taking one.

Mr. Howard: We do not want to pass the exams.

Mr. Peters: In another one we shall know where to find this. It is quite simply the notice of the petition that they give to the corespondent. It does not indicate that they have the right to come before the committee and present their side of the case if they feel they have been wrongly accused.

It seems to me, Mr. Chairman, because of the practice in English law whereby a respondent or corespondent is given the opportunity of disproving the charges that are made against him or her, they should be given notice that they have the opportunity of appearing on this particular day in person. In my opinion, such information is not given in that notice. I believe that evidence should be given before the committee of the other place indicating that personal service was made upon these people by a bailiff so that we will not be troubled by lack of knowledge as to whether or not notice of the petition was given to the corespondent as well as the respondent in these cases.

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

STELLA JEAN MARGARET NEWMAN LAMARTINE

The house in committee on Bill No. SD-39, for the relief of Stella Jean Margaret Newman Lamartine—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Howard: I should like to make a few comments about this particular bill before us, and relate them somewhat in the same way as I have the others, to the facts set forth in the bill itself, the marriage and adultery, and whether or not those facts have been proven. In doing so I should like to make reference to the petition itself which indicates in its first paragraph that a lawful marriage did not take place on March 8, 1928, and in the sixth paragraph that on May 25, 1959, at a particular address in the city of Montreal, adultery was committed. The names of the respondent and corespondent are given.

Evidence was given by the petitioner before the committee of the other place in substantiation of these allegations and by two witnesses, who were investigators, namely Mr. Etheridge and Mr. Paquette, to the effect that adultery was committed. According to page 9 of the evidence the petitioner appeared, was sworn and asked certain questions by the clerk of the committee concerning her name, age, occupation and where she lived. Then the next question asked of her is:

Q. Are you married, and if so to whom?
A. I am married to—

Then, she gives the name of the husband who is the respondent in this particular case.

Q. When were you married?
A. I was married on March 8, 1928.
Q. Where?
A. Montreal.
Q. By whom?
A. By the Rev. Mr. Clare.
Q. What is your religion?
A. I am a Protestant, Unitarian.
Q. And your husband, what religion is he?
A. My husband is a Unitarian also.
Q. I show you a document. Do you recognize this document?
A. Yes, it is my marriage certificate.
Q. Are the statements therein contained true and correct?
A. They are true and correct, yes.

This would indicate that the first requirement of the bill has been met, that is that the marriage did take place and it was between the petitioner and the respondent. There is proof of the consummation of the marriage also in the fact that there were three children born of this marriage. To the extent we are permitted by the rules to make reference to these children, I would read from the evidence on page 10. Mr. Usher, who is of the city of Montreal and who was counsel for the petitioner, asks certain questions which are as follows:

Q. Are there any children issue of the marriage?
A. There are three children.
Q. Would you state the names and ages, please?

The names of the children are given and the ages also, the ages being 31, 27 and 11. Then following that there is some reference to the fact the eldest child is married and the second child is living and employed in California. The youngest child, age 11, is living with the petitioner and has lived with her and remained in her custody ever since birth.

There are extensive questions here with respect to separation proceedings. There is a question asked by Mr. Usher which appears on page 10:

Q. Is it not a fact that we instituted separation proceedings for you before the superior court in Montreal shortly thereafter?

He means shortly after a quarrel between the witness and her husband in 1957. She answered, yes.

Q. And has he ever returned to the home—

Then, Senator Roebuck says:

Is that mentioned in the petition?

Mr. Usher replies:

No, sir, the petition was taken out prior to the introduction of the legal proceedings.

There is some reference to support, which relates to the separation proceedings. The witness is asked:

Q. Was he supporting you at the time?
A. He was supporting me partially. I had to work because there was not really enough money to live on.
Q. And after he left was he sending you any support?
A. He only paid the rent because he was, of course, obliged to.
Q. And is it not a fact that by judgment of the superior court you were awarded the custody of the child,—?
A. Yes.
Q. And an alimentary allowance of $75 a month for the maintenance of your child?
A. That is right.

There is some doubt, I might say here before proceeding into the evidence, whether or not this alimentary allowance was for the child or for the wife. Some reference to that will come along in a moment. The next question is:

Q. Has he been paying the $75?
A. Sometimes, and sometimes not; very frequently not.
Q. And is it not a fact that you have had to contact our office on numerous occasions to jog your husband's memory to pay this amount of $75?
A. Yes.

Then, Senator Roebuck makes some additional inquiries. He says:

Before we leave this, Mr. Usher, I should like to ask a few more questions.
Q. You got a judgment against your husband from the court ordering him to pay you something and I think you said it was $75 a month for the support of the child?
A. Yes.
Q. And was there anything for your support?
A. None at all.
Q. Did you ask for it?
A. No.

Then, Mr. Usher assisted the committee, not by asking questions but by offering information with respect to certain legal procedures and functions of the superior court relating to the separation proceedings and allowances. He explained this to Senator Roebuck. I made reference to this before, but there is additional comment by Mr. Usher on page 12 with respect to the payment of the allowance.

I think it would be well for the committee to have an understanding, if it does not have it already, of this particular circumstance which exists in the province of Quebec. I do not know whether it exists in other provinces. In any event, it was new to me when I read the evidence and found that it existed. I think it would be somewhat enlightening to other members of this committee, if not for particular use in this instance then for use later on when similar questions arise. Mr. Usher, starting first at page 12, gave some additional information in answer to a query by another hon. senator. He said this:

Senator, probably I would be better able to answer that question. Under our jurisprudence, once there is a divorce the obligation to support the wife ceases—

This is what I was saying earlier, as you will recall, Mr. Chairman, with respect to the case with which we have just dealt. The quotation continues:

—but the obligation to support the child remains. If there is a judgment rendered by the superior court of Montreal awarding alimony in favour of children a divorce in Ottawa does not affect that, because it is not an alimentary payment to the wife. Mr. Justice Mackinnon, I think it was, in around the year 1952 or 1953 rendered a judgment to that effect, that a divorce does not affect the alimony payable for children.

So presumably the child, who is now 11, will be financially provided for to the degree or to the extent of $75 a month regardless of

whether or not this particular petition for divorce passes this place. I would assume that the lad will be fairly well looked after because additional evidence given by the petitioner, upon questioning by hon. Senator Roebuck, was as follows:

Q. The lad is going to school, is he?
A. Yes, he is going to—

And she gives the name of the particular school. The questioning continues:

Q. Are there any difficulties at home? You are out working. How old is he, did you say?
A. He is eleven.
Q. Is there any trouble in regard to taking care of him?
A. No, his school is a private school, and they are permitted to stay for sports and other different activities until 4.30. We live fairly close to the school, and he walks home, and I am home at about five o'clock. I also have the principal of the school living with me.

I would point out that subsequent questioning indicates that the principal of the school is a lady also, so there is no problem there. Mr. Usher, counsel for the petitioner, indicates he is honourary legal adviser to this particular school and that Mr. Frosst of the Frosst Chemical Company is the chairman. Everyone seems to think that the school itself is an excellent one and that the child will get a very good opportunity for education there and that the payment of $75 per month will assist somewhat in providing for and maintaining the child.

There were some events leading up to their actual separation or their actual splitting up, as it were, which, according to the evidence, took place in November of 1957 and following that, as I say, these divorce proceedings were instituted as well as separation proceedings. Mr. Usher, again with regard to the events leading up to this separation, asked the following questions:

Q. Prior to his leaving in November, 1957—

That is the respondent.

—were there any indications of immorality on his part at that time?
A. Yes, there were. I was quite certain that he was taking out some other woman at the time.
Q. What led you to that conclusion?
A. Well, I found lipstick on his clothing, and later I had a servant to take care of my child as I was working, and she said she would have to leave because of his unwelcome attentions.

That same thing occurred with the second servant in 1956. I do not relate this in order to make reference to any immoral conduct on the part of the respondent at all but for two other reasons. One is to point out that this led to some strained relationships in the family. Also, the reference to the servants being employed in the house and the reference just prior to this to the amount of rent that is being paid, notably $160 a month, which is rather a large amount to pay for rent for an apartment, would indicate that the family was fairly well off. I do not know for a fact whether or not this is so. I only mention the amount of rent being paid and the fact that the husband and wife were working—the husband being an artist and selling antiques and so on on an independent basis—as indicating perhaps that the welfare of the child will be—at least I hope so—properly cared for if this divorce reaches the stage of being passed.

There is evidence also that no connivance or condonation took place with respect to the adultery alleged or charged. Hon. Senator Roebuck asked some questions with respect to that matter as follows:

Q. That is, you have had no sex relations with him?

That is since November, 1957:

A. No.
Q. You are complaining of some acts of adultery. Did you ever encourage them?
A. No.
Q. Did you ever connive to bring them about?
A. No.
Q. Did you throw anybody in his way for the purpose of evidence in these proceedings?
A. No.

Then he asks about matters to which I referred earlier, about the child going to school and so on. So far as collusion is concerned, there is no evidence of it but I should say there is evidence to the contrary. However, there are some strange things again when it comes to proof of adultery. I must make rather extensive reference in this instance to the evidence that is here. It is lengthy evidence. It is lengthy as compared with evidence that we have read with respect to other cases. In order to prevent myself from being accused, as I have been on other occasions, of selecting evidence to show a particular case, I shall be obliged to give the full extent of it.

Mr. Ernest Gordon Etheridge, is well known to this committee—he is an old timer—handles some 50 or 60 divorce cases a year. I think it is 60 that he is investigating or has investigated for this particular session. He has quite a wealth of experience, I am sure not only in the field of how to present evidence, not only in the field of what evidence to obtain before it is presented to the committee, not only to have a complete and thorough understanding of the specific points which he will have to prove before the committee but I am sure he is well experienced also in the field of making arrangements for particular divorces in order to ensure that a couple is seen or caught, as the expression is, in compromising circumstances which could be grounds for proving adultery. In any event, Mr. Etheridge gave evidence, as found at page 13. To dispense

with the preliminaries—that is to say, about when he was engaged and so on—and to get into the picture, he starts with the results of their investigation. Mr. Usher asks him this question:

Will you tell the result of your investigation?
A. As a result of our investigation, on the evening of Monday, May 25, 1959, I took up observation with Mr. Paquette.

Mr. Paquette is the co-investigator in this case, I suppose.

From Crescent Street we could see Mr.—

Giving the name of the respondent's green Ford station wagon, the licence number, 1959 Quebec markers. The respondent's studio and his living quarters were all in the one civic number, and he gives the number of the street in Montreal. He goes on:

During the investigation Mr.—

Giving the respondent's name.

—would use the front entrance one time out of ten possibly.

So you can see they took up rather a long vigil at this particular place if they could determine that he used the front entrance one time out of ten. I assume they had watched him on ten different occasions when the respondent had come in or gone out. He goes on:

When he would arrive and park his car in a private parking place off the laneway between—

Giving the streets.

—he would leave the car there and would go up the fire escape to his living quarters on the top of the building. They would never go around the building to go in by the front. On this evening we were there at 4.30 and about five minutes after eight we saw him leave to come down the fire escape with this woman we had seen him with on many previous occasions.

I do not know what type of fire escape it is, not having seen it, but it plays rather an important role in this evidence before us because it is the way Mr. Etheridge and Mr. Paquette, I assume it is, came to find the evidence they did. He goes on:

They parked the car on Mountain south of St. Catherine and had supper at Dinty Moore's and then they drove off as if looking for somebody in St. Lambert, where they spoke to a policeman as if trying to find an address. They finally turned around, came under the Wellington tunnel, up Mountain street and reparked the car in this parking section behind—

Then he gives an address at Sherbrooke street west. I have not given the address of this particular place where adultery is alleged to have taken place as yet, but I would point out that there is an error here in the number of the address; I think it is an error. In one reference the parking lot in the area where they lived is given—and I will only use the number—as 1330. However, when they came back again and made reference to the parking section the reference was to 1130. I assume that that is a typographical error or slip of the tongue on the part of Mr. Etheridge; in any event it is of inconsequential value to this particular case here. So they came back to this particular parking section and went up by the fire escape. Mr. Etheridge continues:

After a while we noticed everything was in darkness, about 11.15. We waited shortly until before midnight and we went upstairs by the fire escape, Mr. Paquette and myself, and when we got to the door at the top of the fire escape we knocked on the door.

The house had been in darkness for some 40 to 45 minutes, according to the evidence. They went up the fire escape, which I am sure we will all agree is not the usual means of access to a person's residence, and knocked on the door. He goes on:

Mr.—

Giving the name of the respondent.

—came and looked out—

There is no hesitation. In some cases you will notice that they knocked quite a few times after the lights had gone out for some three quarters of an hour or half an hour before somebody came to the door. But in this case the plan worked perfectly. They knocked and he came to the door just as if this was the cue after they had come up the fire escape at midnight and knocked on the door. The respondent looked out and they identified themselves to him. They stepped into the apartment after they had identified themselves. Here, Mr. Chairman, is a strange situation, as you can imagine. It is midnight, the lights had been out since 11.15, and presumably you are in bed. I am not talking about you yourself, Mr. Chairman, but through you I am speaking to the committee. You are in bed and someone comes up the fire escape, which is a strange method of getting to where you live. They knock on the door. Two strangers identify themselves to you and they step into your apartment. Then you admit who you are. In this case the respondent admitted he was so-and-so, giving his name. He also admitted that the picture in their possession was of himself. The evidence goes on:

He had come to open the door wearing the lower part of pyjamas only and he had on slippers.

Then Senator Roebuck asks:

He was nude from the waist up?
A. Yes. The living quarters consisted of a small kitchenette plus a sort of double room. It was divided with columns which separated the living room and the dining room. In the north section which was to our right with the head of the bed facing Sherbrooke street, this woman who had given us her name as—

Giving the name of the corespondent.

—was lying in the open studio couch on the side closest to the wall. We could see from where Mr. Lamartine had risen from his side of the pulled-out studio couch to come to answer the door.

Q. What was she wearing?

A. She was covered to the neck with a sheet. It was a warm night and there were no spreads or blankets on the bed—

And so on. Here again we are asked to accept point blank this sort of evidence. Two strangers come up a fire escape at midnight and knock on a door which is immediately opened. They walk in, identify themselves, show a picture to someone they do not know and who does not know them. He says, "Yes, that is I". He identifies the picture. Then they ask a woman who is in bed covered up to the neck with a sheet what her name is, and she without qualms or questioning says that her name is so-and-so. From the evidence we have read in other cases threats have been used, as they were in the last instance where the investigator said they had ways of making it tough for her if she did not tell them her name. We have had instances where the investigator has rifled through women's purses, in effect committing trespass, and in that case we might expect it. But in this particular case—

The Chairman: Order. I regret to interrupt the hon. member but his time has expired.

Mr. Peters: Just one or two comments about this particular case, Mr. Chairman. In this particular case the lawyer, Mr. Usher, has done a service, I think, to the committee in his remarks regarding the connection between the House of Commons and a divorce granted in a legislative manner and those people in Quebec who were fortunate enough prior to their application to parliament to apply to the superior court of Quebec for relief for the female spouse and maintenance of the children. I think it is worth while to read what Mr. Usher said. He is asked:

Q. If you get this divorce is he bound to continue paying that $75?

Then Mr. Usher said:

Senator, probably I would be better able to answer that question. Under our jurisprudence, once there is a divorce the obligation to support the wife ceases, but the obligation to support the child remains. If there is a judgment rendered by the superior court of Montreal awarding alimony in favour of children a divorce in Ottawa does not affect that, because it is not an alimentary payment to the wife. Mr. Justice Mackinnon, I think it was, in around the year 1952 or 1953 rendered a judgment to that effect, that a divorce does not affect the alimony payable for children.

I am very pleased that Mr. Usher, a very competent lawyer, put this on the record, because I think it is advice that should be taken by those who are applying. In this case, as reported later on, it is evident that there are three children of this marriage. One of them is grown up and married, the other has a good job and is living away from home, and the third is a young boy who is attending a private school. The father is now paying $75 for his maintenance, and because this has been taken through the civil court in Quebec he will continue to receive the $75 for his education.

I think it would be a pleasure to meet Mr. Usher because I was interested in the remarks he made in this case. The committee will remember that he did ask a question about the husband's conduct and the chairman, Senator Roebuck, had to point out to him that he was not to put answers into the mouth of the witness. I think this is a common court procedure, and we do not hold that against Mr. Usher though we commend the chairman of the committee for his vigilance and for asking that the question be reworded and that it should ask for an answer rather than indicate an answer. It is amusing to read what occurs as reported on page 13 when the committee was discussing the school the boy was attending.

Mr. Usher: I might say that this is an usually good school. It is probably the leading school in Montreal. That is the private progressive school of which Mr. Frosst of the Frosst Chemical Company is the chairman, and I happen to be honorary legal adviser to the school.

There is nothing like tooting your own horn. He was certainly doing that. He was giving full credit to the firm he represents, to the school, and to himself, as well as to Frosst chemicals, and I would say he did very well as far as the handling of this case is concerned with regard to the welfare of the young lad who is still dependent on the support he is receiving from his father.

I was interested in reading this case to note that once again we have the same kind of stereotyped evidence as has continually been given in the cases we have examined so far. The investigator in this case is a particularly well-versed man, Mr. Etheridge, who has the record in the Senate for presenting these cases. His record is high, and he is one of the top two or three detectives, but again we are asked to give credit to evidence the nature of which stretches our credulity. In this particular case they talk about taking up observation with Mr. Paquette. That particular answer continues:

From Crescent street we could see Mr. Lamartine's green Ford station wagon... parked there. Mr. Lamartine's studio and his living quarters were all in the one civic number.

I notice that a great deal of questioning was done in relation to the studio and to the work of the respondent in this case. It is mentioned that he is an artist of one kind

or another. Senator Roebuck himself asked a question about his occupation when the committee was discussing whether the money was being paid for the support of the child. On page 11 the following appears:

By Senator Lambert:
Q. Is he an independent artist, or is he associated with a commercial art firm?
A. He is an artist, and he also has been selling antiques.
Q. But he is not attached to a lithographing firm or any commercial art firm?
A. No.
By the Chairman (Senator Roebuck):
Q. He just sells pictures?
A. Yes, portraits, and he designs.
Senator Lambert: He is an independent artist.

On reading this I am forced to come to the conclusion that some discussion of this case must have taken place prior to the examination, and to the evidence which was given according to the transcript, because why are all these questions asked about what type of an artist this person is, where he worked, whether he worked for a lithographic firm or a commercial art firm, and so on? I suppose the temperament of people who are artists in the true sense of the word must vary. An artist with one kind of temperament may paint landscapes; an artist who paints portraits may have a different type of temperament and, again, a further type of temperament may be found in an artist who works for lithographic processes.

Nevertheless, I fail to see why all these questions were asked about the type of art work which was done, unless they were intended to establish the personality and mental attitude of the respondent. When Senator Lambert ends up, he says: He is an independent artist. In fact, he was answering a question which had been asked earlier by Senator Roebuck, which gives me the impression that more investigation was conducted into this phase of the personality of the respondent in this case than appears in the evidence, and I am curious as to whether this was done before the hearing; whether Senator Lambert may have had some knowledge of this particular person or if it was one of those affairs which sometimes happen and in this case I presume the Senate committee sat around a few minutes before the session opened and discussed a number of things and exchanged some information. Sometimes members come to an arrangement about how far they are going in questioning and what would be acceptable as a cut-off as far as questions are concerned. In court cases, quite often, they decide what they will settle for. In murder cases the lawyers and the judge may sit down and agree they will settle for second degree manslaughter.

Mr. McCleave: Has the hon. member one jot or tittle of evidence to back up such a serious statement? I know he would not wish to be unfair in this matter. Is there any evidence to support that allegation?

Mr. Bell (Carleton): It is a most unwarranted reflection on the other place.

Mr. Peters: No. It is the questioning itself. It is odd questioning, and I will just read what was said earlier with reference to alimony. The committee discussed first of all the proceedings in the Quebec court. The record continues:

Q. Is it not a fact that we instituted separation proceedings for you before the superior court in Montreal shortly thereafter?
A. Yes.
Q. And has he ever returned to the home—
The Chairman (Senator Roebuck): Is that mentioned in the petition?
Mr. Usher: No, sir, the petition was taken out prior to the introduction of the legal proceedings.
Q. Has your husband ever returned to your home since then?
A. No, he has not returned.
Q. Was he supporting you at the time?
A. He was supporting me partially. I had to work because there was not really enough money to live on.
Q. And after he left was he sending you any support?
A. He only paid the rent because he was, of course, obliged to.
Q. And is it not a fact that by judgment of the superior court you were awarded the custody of the child, Richard?
A. Yes.
Q. And an alimentary allowance of $75 a month for the maintenance of your child?
A. That is right.
Q. Has he been paying the $75?
A. Sometimes, and sometimes not; very frequently not.
Q. And is it not a fact that you have had to contact our office on numerous occasions to jog your husband's memory to pay this amount of $75?
A. Yes.
By the Chairman (Senator Roebuck):
Q. How far is he behind?
A. At the present moment he is one month behind.

Then they launched into a discussion of what kind of artist he is and they drew conclusions. I am not interested in this field but I do not think there is much connection between a lithographing firm, a commercial art firm, the selling of antiques and the work of artists as we know it. I may be drawing an inference that is not there but I am—

Mr. Bell (Carleton): Not even intelligent.

Mr. Peters: —led to believe that there must have been some discussion beforehand about the kind of artist he was because the questions bear no relationship to those asked previously.

Mr. Jones: Mr. Chairman, on a point of order, is the hon. member suggesting that the Senate has cooked up the evidence in this divorce case? Is he suggesting that there

was some impropriety on the part of the Senate in handling this case? If so, I think he should be compelled to state the grounds on which he bases his accusation.

Mr. Bell (Carleton): This is shocking.

Mr. Peters: If the hon. member had followed what I was saying he would know there seems to be some questioning that does not have any beginning. It may be that the committee sat around with the lawyers beforehand and not necessarily discussed the case but made certain references. That is what I am suggesting. I point out that this is done many times in legal circles.

An hon. Member: How would you know?

Mr. Aiken: Name where?

Mr. Peters: I say it is done.

Mr. Bell (Carleton): This is intolerable, Mr. Chairman.

The Chairman: I must say that the hon. member is coming very close to making improper references to the other place. I agree that he may discuss the evidence but he is going further than that in suggesting things that are not at all supported by the evidence. Although some parts of the evidence may not appear to be relevant the hon. member by discussing them cannot make them more relevant than would appear in the evidence itself.

Mr. Peters: Thank you, Mr. Chairman. I think I will drop the whole idea. I did not think it was relevant before and I do not think it has got any more so. I am not sure I helped it any, either.

Mr. Bell (Carleton): This is not funny, it is shocking.

Mr. Peters: If we go on in the evidence we can see why the questions were asked. If he belonged to a firm that paid money by the month obviously he should be able to make the $75 payment but if he was selling something that may not be so easy.

Mr. Small: Is the hon. member suggesting that he was probably selling pornographic art?

Mr. Peters: It does not say that.

Mr. Small: That is what the hon. member is trying to get at.

Mr. Peters: No, I was not suggesting that. I was just wondering why the differences were indicated. It is of no importance to us whether the $75 is being paid because, as was pointed out, there is a right to collect it in the province. I am quite sure it will be paid. We are not changing that and I am pleased about it.

[Mr. Jones.]

The evidence about the rent is not clear. She said he paid rent because he was obliged to. I would point out that he did not live there any more so he could not be obliged to. Senator Farquhar asked questions about this on page 11 as follows:

Q. You mentioned the rent. Is that included in the $75?
A. No, at that time he did not pay me anything until the court order, but he had signed a lease, and in Quebec you cannot move out until the lease is completed.
Q. How much rent was he paying?
A. I think it was $160 a month.
By Mr. Usher:
Q. That was in 1957?
A. Yes, in 1957. He does not pay any rent now. I moved from there to a less expensive apartment.
By Senator Farquhar:
Q. He just pays you the $75?
A. Yes.

Mr. Usher asked some very leading questions in this case. I assume he is a competent lawyer.

Mr. McCleave: You called him one.

Mr. Peters: He asked questions as follows:

By Mr. Usher:
Q. Prior to his leaving in November, 1957 were there any indications of immorality on his part at that time?
A. Yes, there were. I was quite certain that he was taking out some other woman at the time.
Q. What led you to that conclusion?
A. Well, I found lipstick on his clothing, and later I had a servant to take care of my child as I was working, and she said she would have to leave because of his unwelcome attentions.
Q. That was shortly prior to—.
A. That was in 1955. There was then a second girl, a second servant, in 1956 who had the same difficulty with him.

Before the end of this session it is to be hoped that we will have some of these investigating officers come up before us so we can inquire into their capabilities and the methods they use. The evidence here, as in some other cases, is, to say the least, surprising. Mr. Etheridge testified as follows:

During the investigation Mr. Lamartine would use the front entrance one time out of ten possibly. When he would arrive and park his car in a private parking place off the laneway between Crescent and Mountain street, he would leave the car there and would go up the fire escape to his living quarters on the top of the building. They would never go around the building to go in by the front.

From reading the evidence I have not been able to establish if he could get in by any other means. As the apartment was laid out this would be the door normally used. I continue:

On this evening we were there at 4.30 and about five minutes after eight we saw him leave to come down the fire escape with this woman we had seen him with on many previous occasions. They parked the car on Mountain street off St. Catherine and had supper at Dinty Moore's and then they drove off as if looking for somebody in St. Lambert, where they spoke to a policeman as if trying to find an address.

I suggest they should have had the policeman stop the car behind them and find out why they were being followed around the city, but they did not. I continue:

They finally turned around, came under the Wellington tunnel up Mountain street and reparked the car in this parking section behind 1130 Sherbrooke street west and went up by the fire escape. After a while we noticed everything was in darkness, about 11.15. We waited shortly until before midnight and we went upstairs by the fire escape, Mr. Paquette and myself, and when we got to the door at the top of fire escape we knocked on the door. Mr. Lamartine came and looked out and we identified ourselves to him and we stepped into the apartment after we identified ourselves, and he admitted he was Mr. Gert Lamartine and also the picture in our possession was of himself. He had come to open the door wearing the lower part of pyjamas only and he had on slippers.

Is this normal procedure, Mr. Chairman? If somebody raps on the door at twelve o'clock at night is it not normal to ask who is there? I doubt whether there are many people, even in those areas where it is normal to leave the door unlocked, who would get up in the middle of the night, open the door and welcome in somebody whom they had not seen before. Even if he identified himself, the identification he would have to use would be a detective's badge, a driver's licence or something of that nature. I would be surprised if they do not use some form of intimidation, because with their detective's badge, or whatever they are issued in the city of Montreal or in the province of Quebec for this purpose, unless they use some type of intimidation I would be surprised if they would be readily allowed in the apartment. I go on with the evidence as to what they saw in the room.

Q. He was nude from the waist up?

A. Yes. The living quarters consisted of a small kitchenette plus a sort of double room. It was divided with columns which separated the living room and the dining room. In the north section which was to our right with the head of the bed facing Sherbrooke street, this woman who had given us her name as Nanette Lalonde was lying in the open studio couch on the side closest to the wall.

When did she give them her name as Nanette Lalonde? From my reading of the evidence I do not find that they had contact with her previously. This was the first time they had spoken to this woman—it would appear that way anyway—and yet he said:

—this woman who had given us her name as Nanette Lalonde was lying in the open studio couch on the side closest to the wall.

This is not very good evidence. They knew the name of the girl and they say that she had given her name to them previously. If we assume that—we will give the benefit of the doubt to the investigators—they may have used the wrong tense or something of that nature yet it would seem that they were familiar with the name of this young lady before they entered the room. This might indicate that she was either well known as a woman of the street which would not form the basis of an adultery charge in this case, as people of that nature are taken care of by civil law, or that the evidence in this particular is not correct.

Mr. McCleave: Will the hon. member permit two questions? First, is there any evidence to suggest that she was a woman of the street? Second, has the hon. member read the evidence at the bottom of page 14?

Mr. Peters: To answer the first question, I am not suggesting that. If I were suggesting that I would quote authorities to indicate that a divorce could not be granted if that were the case. I am not suggesting that.

To answer the second question, I have read the evidence on page 14 but the Senate committee had not heard the evidence given on page 14 when they were taking the evidence which appears on page 12. It would appear to me that you have to follow some pattern. What this witness is suggesting is that they knew her previously. We may even find it to be true that his partner had made inquiries. But in reading the evidence up to this point there is no indication that they had previously met her. I continue with the answer:

We could see from where Mr. Lamartine had risen from his side of the pulled-out studio couch to come to answer the door.

This is only an assumption; it is not a fact. It is an assumption that they could see from where he had risen to come to answer the door. They could not very well see that unless they had their eyes to the keyhole. They should have said that if they had. I would think that would be much better evidence than some of the evidence they have given. I continue:

Q. What was she wearing?

A. She was covered to the neck with a sheet. It was a warm night and there were no spreads or blankets on the bed, just the sheet.

By Mr. Usher:

Q. Was there any clothing about the place?

A. The woman's clothing was on a chair in the left-hand corner but we did not see any of Mr. Lamartine's clothing around at all.

Maybe he arrived from across the hall, or some place, in that kind of attire. If there were no clothes lying around and he went to the door wearing the lower part of his pyjamas probably he wandered in out of the hall or from some other place. I continue:

A. The woman's clothing was on a chair in the left-hand corner but we did not see any of Mr. Lamartine's clothing around at all.

Q. How many beds were in the room?

A. It was not a bed, it was a studio couch used as a bed.

Q. The woman you saw in the bed, was she Mrs. Lamartine who is sitting here?

A. No, I am seeing Mrs. Lamartine for the first time.

Q. But she is not the woman you saw in the bed that night?

A. Definitely not.

This is the kind of evidence we continually get. Why did they not ask where his clothes were? These people are willing to search purses and steal nameplates off doors, and do a number of other things. They threaten people and yet they did not look around to find out whether his clothing was there. Why did they not ascertain that? Why did they not see whether there was another door leading into that room because it would appear from the evidence that the only way you can get into that apartment is by way of the fire escape. It was a very small apartment. It would seem that is the door they used, the one that leads in off the back entrance. I continue with the evidence. Mr. Paquette, who has appeared on a number of occasions, was also questioned as to the events that evening.

Q. Were you in the company of the previous witness, Mr. Etheridge, on the night of May 25, 1959?

A. Yes, sir.

Q. Would you look at this photograph already filed as exhibit 2 and state who that is?

A. I know this man as Mr. Gert Lamartine.

Q. Will you tell the committee what occurred on that evening when you obtained access to the premises of the respondent, Mr. Gert Lamartine?

A. We went up to his living quarters by the rear entrance that night, it was 11.50 p.m., to the same door as they went in previously during the evening. Mr. Etheridge knocked at the door and it took a minute or two before Mr. Lamartine came to the door. So we identified ourselves and we went into the kitchen. And after that we went into this room which is the living quarters, and in that apartment there was an open studio couch where we noticed a woman about 35 years old was lying in bed. Mr. Etheridge showed him the picture that he had in his possession and he admitted that was his picture, and he asked the woman in the bed what her name was and she said it was Nanette Lalonde.

It is surprising, Mr. Chairman, that this answer should have come from the assistant because he says that Mr. Etheridge showed him the picture that he had in his possession and he admitted that it was his picture, and he asked the woman in the bed what her name was and she said it was Nanette Lalonde. On the previous page of the testimony, the testimony of Mr. Gordon Etheridge, he said that she had previously given her name. Let me quote it:

—this woman who had given us her name as Nanette Lalonde.

In other words, Mr. Etheridge is indicating he had been previously introduced to this lady and now his partner is saying that Mr. Etheridge asked her what her name was and she had told him.

Q. What was she wearing?

A. She was covered up to the neck with the sheet.

Q. Did you see any of her clothes in the room?

A. Her clothes were on a chair beside the bed.

Q. What was Mr. Lamartine wearing?

A. The lower part of his pyjamas. We told Mr. Lamartine that Mrs. Lamartine was taking divorce action against him. Then, we took a sketch of the place and went out.

This is the type of evidence which, I would suggest, leads to only one conclusion and that is that this divorce evidence was framed. The whole thing worked out very well because the particulars had been agreed upon and the access to the apartment was of the easiest sort. In this connection I should like to ask the sponsor of this bill if he will accompany me to the Lord Elgin or Chateau Laurier, and at 12 o'clock we will rap on all the doors along one hall to ascertain how many rooms there are to which we gain access. Let us see how many people even ask us who we are or what we want. I am quite sure we will have the private detective from the hotel follow us and throw us out before we even get to the second door. I have been thrown out of better hotels than they have in Ottawa on various occasions, anyway.

Mr. McCleave: Will the hon. member permit me to decline the invitation? I do not mind being thrown out of high class hotels, but not under those circumstances.

Mr. Peters: This is in the interests of research. I am sure that if we rapped upon the doors of 10 rooms we could not get into more than one. We would probably find that there was only one person in the room. We will not find one situation of this type. If there are any of these situations in the better class hotels in Ottawa tonight we would not be allowed in those rooms. I am quite willing to try it. In every case we have handled lately there is a rap on the door at one o'clock in the morning, the door opens and somebody is invited in. They must be very hospitable in Montreal. I hope to go down to Montreal this week, and I hope that what I read here is true because I am going to see for myself. This comes under the heading of research. If it is this easy to make friends and carry on a conversation with people at one o'clock in the morning, when they are engaged in something that is a criminal offence—well, it seems to me that this just does not happen. I am quite sure it does not happen.

I believe that we have here another case in which the evidence has been prepared. I have no particular objection to this divorce being granted, but I have every objection to the members of this committee being used in this particular way. I have satisfied myself from reading the evidence that the only

child who is under age is being taken care of properly and I think the wife can take care of herself. It has been pointed out that the respondent is not a very good artist. He does not work steadily and he has had trouble paying the $75.

The Chairman: I regret to interrupt the hon. member, but his time has expired.

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

LARRY ORSA

The house in committee on Bill No. SD-40, for the relief of Larry Orsa—Mr. McCleave—Mr. Flynn in the chair.

On clause 1—*Marriage dissolved.*

Mr. Howard: Perhaps, Mr. Chairman, I had better make sure that I return the notes from the last case so I will be relating my notes to the evidence that is before us and not to some other petition. I do not know that it would make much difference, in any event, because most of these cases are of a stereotyped nature, as has been ably demonstrated by the hon. member for Timiskaming, and as has been shown in practically every bill with which we have dealt up to this time. The evidence is obtained in a certain, set pattern, and the case before us is no exception except that the investigators in this instance really got their wires crossed when it came to giving evidence of what they had seen at the particular place where the adultery was alleged to have been committed.

In this instance the couple were married on February 14, 1953 and the adultery is alleged to have taken place on June 20, 1959. These allegations are shown in the petition, and proof of the marriage is given when the petitioner is shown a document which he identifies as his marriage certificate. In this instance we will not run contrary to the ruling of the Chair and the rules of the committee in so far as the discussion of children is concerned because there are no children as a result of this particular marriage. I assume that since that is the case we will have to come to our own conclusions as to whether or not the marriage was consummated. There is some comment in the evidence about that.

Some strange things did take place. I should like, if I may, to make reference to some of them by reading the evidence and relating portions of the evidence to other portions of the evidence concerning the circumstances and relationships between the husband and wife. The petitioner is being questioned by Mr. Usher, who is counsel in this instance for the petitioner, and they talked about the husband and wife living together. This continued from the time of the marriage until April, 1957 and then Mr. Usher says:

Q. What happened then?
A. Well, we were quite happily married until the year 1957, but previous to the day she left me life was quite different at home so I did not have the affection I used to have before. She used to come in quite late at night and I tried my best to help her and to see what was going on. She was carrying on night after night coming home later from work. She used to work for her father to which I objected and she said I am just helping my father, but I realized that was not right because she was coming late at nights and giving me all kinds of excuses and I tried to find out where she was going and she was not going to the movies where she said she was and therefore I asked her what was the matter. Then in April one day she said "I am going to tell you frankly I don't love you any more, I don't want to be with you, I want to leave you". I said, "Well, after all, it has been four years we spent together and now you want to leave me". She said, "I am sorry, I don't love you any more, I don't want you any more". I said, "Listen, let us do something to help ourselves, I was good to you, what is the matter?" And she said, "I am sorry but that is it". The next day when I came back from work the lady took all her belongings and she left home.

This is only part of it, but here there is an indication that the petitioner, prior to the wife leaving home, was concerned and wanted to effect a reconciliation. There is evidence about it later on, too. Another question is asked:

Q. Did you later find out where she went to?
A. Yes, I phoned her father at his residence and asked him where she was.

So apparently her father had told him where she was because he answered the query by saying yes.

Q. Did you later find out where she went to?
A. Yes, I phoned her father at his residence and asked him where she was.
Q. Did she ever come back to the home since then?
A. No, sir, I asked her several times to come back but she did not want to.
Q. What eventually developed?

There is more reference to these attempts to effect a reconciliation.

A. Well, I had been calling her up several times to come back and to help me in the house, and all she said was that she did not want to talk to me, that that was the finish. I called her several times more in 1958—

You will notice the use of the words "several times" in both years, I assume in 1957 and in 1958.

—and asked her if she wanted something in the way of help but she said, "I am quite happy and I am working and I don't want anything from you."

Later on the chairman, Senator Roebuck, made some inquiry about this self-same subject matter as follows:

Q. You had a number of conversations with her. Did she ever tell you what she was doing?

A. No. She said she loved somebody else and she did not want to be with me any more. I asked her who is it.

Q. Did she tell you who it was?

A. No, she would not tell me.

Q. Or where she was living or what she was doing?

A. No, she would never tell me, she said, "Don't bother me and don't call me any more."

Then they make reference to collusion with which I will deal later on but at this stage I want to confine my remarks to this bit of evidence here. You will notice, Mr. Chairman, that the petitioner says that on a number of occasions—several times in 1957 and several times in 1958—he phoned her or called her, that he phoned her father and from her father found out where she had gone. We assume that he found out where she was living or where she was working or something of that nature. As I said, he called her several times wanting to effect some reconciliation, wanting to see whether the difficulties could be smoothed over. But then when he is asked by Senator Roebuck whether he knew where she was living he says, "No, she would never tell me where she was living or what she was doing". It seems a bit odd that a person who is this much concerned—and I am not suggesting there is anything untoward in his evidence or in the manner of the presentation of it—who phoned her father and discovered where she was living, and had phoned her several times over a period of two years, should turn around and say that he does not know where she was living or what she was doing, —and that is what his evidence is here—that she would not tell him. If a person is that much interested in and that desirous of effecting a reconciliation of a disrupted marriage such as this man has been, and phones her several times and knows where her father is, it seems strange that he was either unable or unwilling, whatever the case may be, to take the next obvious step and find out where she was living or where she was working. However that may be, this is the evidence that is contained here.

I should now like to turn to the evidence about adultery. Mr. Gerard Daigneault and Mr. Jerry Brault are co-investigators in this particular case. They worked together and discovered that certain things existed. Starting at the bottom of page 11 Mr. Daigneault was asked some questions by Mr. Usher, counsel for the petitioner:

Q. I understand you were engaged to investigate the conduct of the respondent in this case,—?

And the name of the respondent is given.

A. Yes.

Q. Will you look at this picture filed as exhibit 2 and state if you recognize the person shown in it?

A. That is Mrs.—.

[Mr. Howard.]

And he gives the name of the respondent.

Q. Will you tell the committee the result of your investigation?

A. Our services being retained by you during the middle of May, 1959, at which time you furnished us with that photograph here and also gave us some particulars, and I found Mrs.—

And he gives the name of the respondent.

—to be living at—

And he gives the particular address.

—with a man.

Then the chairman, Senator Roebuck—a dear friend with whom I have had some conversation in the newspapers and probably will have some more—says this:

Wait a minute. That is a conclusion that you are drawing.

Then the senator asks this question:

Q. You found her living at—.

And that particular address is given. The question continues:

Tell us what you saw and heard.

A. As a result of this investigation, on June 20, 1959, at approximately 11.30 p.m., accompanied by Mr. Brault, we both proceeded to—

And this particular address and apartment number are given.

—where after knocking on the door a few times—

I notice that he is a little bit more up to date than are some of the other people. He has to knock a few times in order to get an answer.

—the door was opened by a man and at that time he was wearing blue pants and the top of his underwear and black shoes.

This colour combination had some relevancy—the blue pants and the black shoes—with which I will deal later on.

I identified myself to him and asked to speak to Mrs.—.

And the name of the respondent is given. The witness continues:

This fellow could not understand English very well and I asked him what nationality he was afterwards and he told me, Greek. So finally by asking him and showing him the picture we understood each other. So I walked into the apartment and there on an open studio couch used as a bed was Mrs.—

And the name of the respondent is given.

—lying on the righthand side of the bed. I asked her if she was Mrs.—

And he gives her married name.

—and she said yes, she was, and I showed her the photograph and she identified the photograph as of herself.

Then Senator Roebuck asked this question:

Q. She identified it as hers?

A. Yes, as her photograph. I told her she would be hearing, and I told this to the man too, from the real husband's attorney in the near future. I asked the man for his name and he answered—

And he gave them a name, the name of the corespondent.

Q. Did he spell it for you?
A. That is the way he gave it to me.

I therefore assume he did not spell it. Then Mr. Usher asked the condition of the respondent.

Q. What condition was she in, what clothing was she wearing?
A. When I spoke to her in the bed and she sat up she had on the upper part of blue and white pajamas.

If you will allow me to transgress for just a moment, I should like to ascertain whether this is what Mr. Brault discovered also, that she was wearing blue and white pajamas. From a quick look it does not seem as though he noticed what she was wearing. In any event, there was only one bed in the room. It was a one-room apartment. It was a studio affair that opens out into a bed. This was at 11.30 in the evening and there were only a few clothes that they noticed. Then Mr. Jerry Brault was called as a witness and sworn and was asked these questions by Mr. Usher:

Q. Mr. Brault, were you in the company of the previous witness, Mr. Daigneault, on the night of June 20, 1959?
A. Yes.
Q. Would you look at this photograph which has already been filed as exhibit No. 2 and state who that is?
A. That is Mr.—

Then he gives the name of the petitioner. There must be something wrong here unless they got the photographs mixed up in this case also. I suggest that when you get up in your eighties it is possible for this to happen. Exhibit 2 is supposed to be a picture of the wife, yet Mr. Brault identifies it as a picture of the husband or the petitioner. This is not the only error or confusion which exists in his mind as to what occurred on that evening. He is asked:

Would you state what happened that evening?
A. I accompanied Mr. Daigneault—on June 20, 1959 on a Saturday night. Mr. Daigneault knocked at the door and a man came and opened the door wearing grey pants and the top of his underwear and brown shoes.

Here we have Mr. Brault, one of the investigators identifying the picture as somebody that it is not. We are not seeing too clearly. We have him giving us identification of clothing worn by the respondent, namely that he is wearing grey pants and brown shoes, when Mr. Daigneault, the other investigator, says he was wearing blue pants and black shoes. There is a mix-up as to what was actually worn by the individual. Then he goes on:

Mr. Daigneault identified himself and asked to talk to him inside, so we walked in the room. Mr. Daigneault told the man that we wanted to see the woman who was in bed on the open couch. So Mr. Daigneault went beside the bed and asked the woman her name, and she admitted she was Mrs. —and admitted the picture in our possession was her picture.

I would assume it is a typographical error when he identifies the picture earlier as that of the petitioner, when it is in fact the picture of the wife. I do not think we can attribute to any typographical error the difference betweeen blue and grey and black and brown when it comes to identifying the clothing worn by the person who came to the door. Both these gentlemen, Mr. Daigneault and Mr. Brault, appeared as investigators and witnesses in a number of other cases, and in all probability they will appear as witnesses and investigators in a number of other cases as time goes on. They should certainly know if they are paying attention to what they are doing that they should develop their perceptibility and notice things they desire to notice about which they know they will have to give evidence if and when they appear before the Senate committee. Unless they have become so used to these particular cases being given just cursory examination in their passage through this house and the other place, and unless by habit they have fallen into error of being sloppy in their obtaining evidence—

Mr. McCleave: Mr. Chairman, I rise on a point of order. I let my hon. friend go unchallenged when he made a very snide remark about the chairman of the committee of the other place, but I do not think it is justice that a gentleman in that house should put up with that sort of language. It is a definite breach of the rules of the house, because as the hon. member knows one must not reflect upon the conduct of people in the other place who are not, above all, here to defend themselves. Two very serious remarks have been made. One was a very snide reference to a person over the age of 80 and then a remark about sloppiness, and I hope my hon. friend will have the grace to withdraw both those statements.

Mr. Howard: If I could speak to the point of order, Mr. Chairman, I would point out that I made no reference to the chairman of the committee of the other place.

Mr. McCleave: You did.

Mr. Howard: My hon. friend says I did. He has had his opportunity to raise his point of order and speak to it. He knows the rules are such that he can speak again to the point of order. So will he let me finish what I am saying and we will go on from there, if he wants to go further, and get into more difficulty than we are already. I made no reference to that. I made reference to these

particular investigators being sloppy in the manner in which they obtained and presented their evidence, because as my hon. friend from Halifax knows, and as every hon. member of this committee knows, this is the first time that an extensive examination has been made by members of this house of evidence of this nature.

I would think that if more careful examination were given by members of this house in committee of the whole or in the house itself to these bills when they came before it this situation would not have developed and investigators would be more on their toes when they appeared before the Senate committee to give evidence. There are cases where investigators—I am not prepared to mention their names at the moment but I have positive proof of this—have either made damned fools of themselves or perjured themselves. And proof is there by way of conflict of evidence.

That is what I meant when I said that investigators are becoming sloppy, and I think an extensive examination of the evidence in case after case will be an indication that if parliament is going to continue hearing these cases—and I say it should not; I think there should be some other method whereby these difficulties are resolved—they should insist on the investigators being a little more careful in the manner in which they obtain and present their evidence to the house.

Mr. McCleave: Mr. Chairman, may I speak again to the point of order, which I thought we were on. Rule No. 35 of the standing orders of the House of Commons provides:

> No member shall speak disrespectfully of Her Majesty... nor use offensive words against either House, or against any member thereof—

The hon. member, in my submission, has offended twice against that rule and has not withdrawn gracefully or otherwise either of his remarks which he directed particularly against the chairman of the Senate divorce committee. We all heard him make reference to that gentleman a few moments ago and the record of *Hansard* will bear out that his remarks about sloppiness were not directed, as he said, to the detectives but to another house. In both instances I submit he is offending against rule 35.

Mr. Howard: If I may make a comment, Mr. Chairman, I made reference to people over eighty, that is quite true. I would point out that this particular case was heard by the number one subcommittee on divorce. Present were the Hon. Senators Roebuck, chairman, Farquhar, Golding and Lambert. The ages of these gentlemen, which I have taken from the parliamentary guide, are as follows. Hon. Senator Roebuck is 82; Hon. Senator Farquhar is 85; Hon. Senator Golding is 80; Hon. Senator Lambert is 75. So my reference to "over eighty" could apply to three of them. I made no specific reference to the chairman of the committee.

Second, if I could develop this point of order which has been raised, I say again and again that the manner in which the House of Commons has dealt with divorce petitions in the past, as every hon. member of this house knows, is to pass them en bloc 50 or 100 at a time without giving any consideration to them. It is true that we have a miscellaneous private bills committee and it is true that that committee considers the evidence before each case. How carefully they consider it I know not, but I would imagine—

Mr. Bell (Carleton): You never attend.

Mr. Howard: I am not a member of the committee.

Mr. Bell (Carleton): And no other C.C.F.'er is.

Mr. Howard: Thanks for the invitation. I will ask our whip to contact yours and I will become a member of the committee. I have never yet had an invitation to be a member. Oh yes, the hon. member may be used to rushing in where he is not invited, but I like to be invited. I thank the hon. member for the invitation and if the house is pleased tomorrow afternoon to pass a motion accordingly I would be pleased to sit on the committee.

Mr. Morris: All you have to do is to ask your own leader.

Mr. Howard: We do not work in the same way as you—"what the leader decides". We are individuals in a democratic party.

Mr. Morris: Why did you not get on the committee?

Mr. Howard: The more questions the hon. member asks, the more he indicates he knows little about the subject matter. There are only a certain number of members established for each committee and on that number depends how many members each party may have on that committee. We have two members on that committee.

Mr. Morris: You cannot persuade one of them to give you his place?

Mr. Howard: I will try, because I have been invited to.

The Chairman: I think I should deal with the point of order which was raised by the hon. member for Halifax. The rule is clear that hon. members may not use offensive language against either house or members

thereof. I do not say that a reference to the age of members of the other place is necessarily offensive, but there is certainly an implication, and I would say that the words used by the hon. member were not beyond criticism and I would ask him to avoid any reference to the other place. The evidence may be discussed, but I do not think the manner in which it is collected should be discussed.

Mr. Howard: Very well, Mr. Chairman. I still think the evidence given by these persons indicates an extreme amount of sloppiness on the part of the investigators. I trust this observation will not offend the delicate ear of the hon. member for Halifax or yourself, Mr. Chairman. I admit that in the past I have myself been negligent in considering bills of this particular type. I have been negligent in my duty as a member of parliament. The first session I was here I became a member of the miscellaneous private bills committee, and when I discovered that the committee spent almost its whole time dealing with divorce I said: I will not have any part of that, because I do not think it is a proper function of a member to do so. Later on, I began to wonder. I thought: maybe I have been derelict in my duty in not dealing with these cases. I think most hon. members of this house have been derelict in their duty in not paying attention to the evidence before them on this subject. We are passing laws dissolving marriages and we should give them extensive study. A ridiculous situation arises if we do not give extensive study to these cases—

Some hon. Members: Order.

Mr. Howard: Suppose we do not give extensive study to this particular case, and the bill is passed. It becomes law, and the marriage is dissolved. What would happen if one year from now, for the sake of argument, one of the parties were to come along and say: this divorce was obtained by perjury? Do hon. members think parliament would then turn around and repeal the bill which was passed dissolving the marriage? What a silly situation we would face then. The marriage would have been dissolved, and if the parties concerned got married in the meantime then, legally, they would be married to two husbands or wives. That is why it is so necessary for this committee to give extensive consideration to these cases, and it is in stressing this point that I say once again that the two investigators in this particular case were very sloppy in their presentation of evidence, especially when one says the man involved was wearing blue pants and the other says he was wearing grey pants and brown shoes—

The Chairman: I regret to interrupt the hon. member, but his time has expired.

Mr. Peters: Since the hon. member for Skeena was not able to complete the point he was making, I am happy to say something on this particular point in order—

Mr. Bell (Carleton): In order to continue this sickening farce.

Mr. Peters: That is a remarkable statement. If the hon. member wishes to say anything I should be glad to sit down and allow him to say it.

Mr. Bell (Carleton): I am not prepared to say anything.

Mr. Peters: You are not prepared to say anything at any time, so keep your mouth shut.

Mr. Harkness: You are a great example of parliament.

Mr. Peters: Sitting right behind you.

Mr. Bell (Carleton): I would not get down to the level of the hon. gentleman.

Mr. Peters: I suggest the hon. member is low already.

In this particular case we have heard a discussion on the evidence which was given and the discrepancies which exist in that evidence. I do not believe the evidence should be stereotyped and that everybody should have it down pat and written out, but I think there are certain considerations that should be taken into account, and that there should be some agreement. The investigators had to establish certain things, and if they made a mistake in one particular, perhaps that was an honest mistake. But in this particular case it would appear that when they discussed what this man was wearing they tried as far as possible to avoid saying the same thing in any particular. In the one case, the door was opened by a man wearing blue pants, the top of his underwear and black shoes. The assistant, asked the same question, said the man came to the door wearing grey pants, the top of his underwear and brown shoes. The only agreement was that he was wearing the top of his underwear. I suggest that the colour of the shoes may have been difficult to determine, but it is surprising the investigators should have mixed up the colour of the other garments.

Moreover, they did not indicate that adultery had taken place or that any adultery was taking place. They ended by saying that the man could not speak English very well.

Mr. Bell (Carleton): Sounds like the hon. gentleman.

Mr. Peters: That may be true, but I am at least capable of standing on my feet to say what I want to say, rather than sitting on my back end. If the hon. member would stick to finance, he would do a lot better.

They carried on a conversation in English, I presume. The evidence states, in a series of questions and answers by Senator Roebuck:

Q. You did not speak to this man at all about whether or not he was living with this woman as man and wife?

A. I did, sir, but actually I mean it was hard to speak to him because he could not very well speak good English, but I tried to make myself understood. When we left he told me that he had been living with her for the past five or six months.

I submit that that is the conclusion they came to; it is not substantiated by the evidence, and this evidence in the nature of things follows the pattern we have seen established in almost every case which has come before us in the last month or so. The transcript states:

So I walked into the apartment and there on an open studio couch used as a bed was Mrs. Orsa lying on the righthand side of the bed. I asked her if she was Mrs. Larry Orsa and she said yes, she was, and I showed her the photograph and she identified the photograph as of herself.

By the Chairman (Senator Roebuck):

Q. She identified it as hers?

A. Yes, as her photograph. I told her she would be hearing, and I told this to the man too, from the real husband's attorney in the near future. I asked the man for his name and he answered Jimmie Botsaris.

Q. Did he spell it for you?

A. That is the way he gave it to me.

By Mr. Usher:

Q. What condition was she in, what clothing was she wearing?

A. When I spoke to her in the bed and she sat up she had on the upper part of blue and white pajamas.

By the Chairman (Senator Roebuck):

Q. What was the condition of the bed otherwise?

A. The left-hand side of the bed had been occupied, the pillow had an impression on it; it seemed like somebody else had slept in the bed.

Even if we take the evidence at face value, all that the detective is saying is that the left-hand side of the bed was occupied. He is drawing a conclusion of his own not substantiated by fact. He does not conclude, and rightly so, that the bed was slept in by the man who was in the apartment at the time.

This is the stereotyped evidence given by the detective. If the man had stated that he had lived with the woman for six or seven months for the purpose of enabling her to obtain a divorce it is likely the Senate would not have granted it.

Late on Saturday night the second questioner knocked on the door and asked to be admitted inside and walked into the room. The man who answered the door probably could not have said "Yes" or "No" because of his lack of understanding of English. The evidence continues:

[Mr. Bell (Carleton).]

I accompanied Mr. Daigneault—on a Saturday night. Mr. Daigneault knocked at the door and a man came and opened the door wearing grey pants and the top of his underwear and brown shoes. Mr. Daigneault identified himself and asked to talk to him inside, so we walked in the room. Mr. Daigneault told the man that we wanted to see the woman who was in bed on the open couch. So Mr. Daigneault went beside the bed and asked the woman her name, and she admitted she was Mrs. Larry Orsa and admitted the picture in our possession was her picture.

By the Chairman (Senator Roebuck):

Q. What picture is that?

A. The picture we had, exhibit No. 2. They both admitted they were living there for about six or seven months at the same address, and Mr. Daigneault asked the man's name, and he said: "Jimmy Bostaris." He had a hard job to talk English. Mr. Daigneault told both of them they would hear from her husband's attorney in the near future, and we left the house.

By Mr. Usher:

Q. How many beds were there?

A. One open couch which showed to have been occupied by two persons.

Q. It was a one-room apartment?

A. Yes, a one-room apartment.

This evidence would lead you to almost any conclusion you might wish to arrive at. There is prima facie evidence that the two people had been living together. The evidence could lead you to conclude that there was an arrangement between the parties and that there was collusion for obtaining the divorce. On the other hand, the evidence could also lead you to believe that the woman lived on her own. This detective has been involved in other cases where we have concluded there was collusion—

Mr. McCleave: Would my hon. friend permit a question? Would he name one instance. The hon. gentleman is very free in his use of allegations. I invite him to name just one instance. Smear, smear, smear.

Mr. Peters: We have had a number of these cases in which Mr. Daigneault was involved. I suggest they have all been the same.

Mr. Hamilton (Notre Dame de Grace): Name one instead of smearing; name just one.

Mr. Peters: I do not keep the names of all past bills in my head.

Mr. Hamilton (Notre Dame de Grace): You have nothing in your head.

Mr. Peters: I am pleased to find the Postmaster General coming in with his nonsense. In view of the way he runs his department he is in no position to talk about anybody else. If he would look after the mail and prevent thefts he would be kept busy. I want to make it clear that I do not want to be Postmaster General—

Mr. Hamilton (Notre Dame de Grace): Do not worry, you are getting further away from it every day.

Mr. Bell (Carleton): You will not even be a member of parliament for very long.

Mr. Hamilton (Notre Dame de Grace): You have to be in parliament to be Postmaster General and you will not be here after the next election.

Mr. Peters: Someone may push me into it as they did you. Perhaps my town will need to be represented as yours did. It may be.

The hon. member for Halifax has asked a serious question and I can give two or three instances. I would be happy to name cases in which Mr. Daigneault was involved. I will get the evidence and bring it to the house the next time we discuss these bills. I will be happy to present this information to the sponsor of this bill. I wish now to call it ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the house leader if there is any change in the order of business which was announced before the Easter recess?

Mr. Churchill: No, Mr. Speaker, there is no change. Perhaps I might repeat it for the record. I will name eight items for consideration this week: (1) Second reading of Bill No. C-56, an act to amend the Federal-Provincial Tax-Sharing Arrangements Act; (2) Second reading of Bill No. C-57, an act to amend the Trans-Canada Highway Act; (3) the resolution in the name of the Prime Minister dealing with the tenure of office of judges; (4) the motion in the name of the Prime Minister to set up a select committee on the procedure of the house; (5) the motion in my name to set up a select committee to consider the national research council and other matters; (6) the budget resolutions; (7) the estimates of the Department of Agriculture; and if by a great stroke of good luck all this happens to be finished we would then take the estimates of the Post Office Department.

Mr. Chevrier: May I ask the house leader if any provision has been made before the departure of the Prime Minister for the conference in London for a discussion of the question of apartheid as raised by the Leader of the Opposition?

Mr. Churchill: Yes, Mr. Speaker. On Monday, April 11, the Leader of the Opposition asked the Prime Minister a question with regard to this. The Prime Minister said that after the Easter recess the government would give consideration to the suggestion of the Leader of the Opposition. The thought at the moment is that on Wednesday an opportunity would be given for a discussion of that problem.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

C.N.R. LAY-OFFS, ATLANTIC REGION

Question No. 330—**Mr. Argue:**

1. Have any employees of the Canadian National Railways been laid off in the Atlantic region since January 15, 1960?
2. If so, (a) in what departments; (b) in what classifications; (c) in what places?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The management of Canadian National Railways advise as follows:

1. Canadian National Railways maintains a record of its employment level each month on the basis of a mid-month tabulation. The Atlantic region figures are: January, 19,230; February, 20,509. The figures for March are not yet available.

2. See answer to No. 1.

CANADA YEAR BOOK

Question No. 334—**Mr. Pigeon:**

Since 1945, what have been the respective publication dates of the French and English versions of the Canada Year Book?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

The respective publication dates of the French and English versions of the Canada Year Book since 1945 were:

Year	English	French
1945	Jan. 26, 1946	July 26, 1946
1946	Nov. 18, 1946	April 29, 1947
1947	Dec. 31, 1947	June 6, 1948
1948-49	June 1, 1949	April 4, 1950
1950	Aug. 25, 1950	May 14, 1951
1951	Aug. 31, 1951	May 1, 1952
1952-53	April 23, 1953	Feb. 3, 1954
1954	June 4, 1954	March 28, 1955
1955	Oct. 13, 1955	June 2, 1956
1956	Jan. 25, 1957	Sept. 21, 1957
1957-58	Nov. 17, 1958	May 5, 1959
1959	Dec. 31, 1959	Now under press

C.N.R. PURCHASES OF HEMLOCK TIES, ATLANTIC PROVINCES

Question No. 335—**Mr. Pickersgill:**

1. Does the Canadian National Railways purchase hemlock railway ties in the Atlantic provinces?
2. If so, what quantity has been purchased in each of the calendar years 1958 and 1959?
3. If not, what is the reason hemlock ties are no longer purchased?

Answer by: **Hon. George H. Hees (Minister Transport):**

The management of Canadian National Railways advise as follows:

1. No. Purchase discontinued in 1959.
2. 1958—73,129; 1959—13,334.
3. Treated hardwood ties have a longer service life.

MARITIME CENTRAL AIRWAYS—AIRCRAFT ACCIDENT, ISSOUDUN, QUE.

Question No. 337— **Mr. Cardin:**

1. Did an accident occur to an aircraft belonging to Maritime Central Airways near Issoudun in the province of Quebec? If so, on what date?
2. How many persons lost their lives in this accident?
3. Did a public inquiry of this catastrophe take place? If so, where?
4. Who were the members of the board?
5. What lawyers were retained on the part of the government?
6. What was the amount of their account, including fees and disbursements, and has it been paid?
7. What were the findings of this board?
8. What action has been taken by the air transport board or the Department of Transport to put these recommendations into effect?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. Yes, on August 11, 1957.

2. 79 persons, consisting of 73 passengers and a crew of 6.

3. Yes, in Montreal.

4. Mr. Lucien Beauregard, Q.C., chairman; Mr. P. E. Halsey and Captain C. D. Lamb, members.

5. Mr. Ross Drouin, Q.C., and Mr. W. G. Stewart, Q.C.

6. Mr. Drouin—$27,674.88; Mr. Stewart—$3,757.55. Both accounts were paid.

7. The findings of the board of inquiry are listed on pages 32 and 33 of the report of the board which was tabled in the House of Commons on January 19, 1959 (sessional paper 181). On page 34 of the report the board also gave its opinion in regard to the cause of the accident, and pages 34 to 47 contain answers by the board to questions submitted by the Department of Transport. The recommendations of the board are to be found on pages 47 to 49.

8. The following is a summary of the actions which have been taken by the civil aviation branch of the Department of Transport:

The suggestions put forward by the board that the Department of Transport consider licensing of air carrier dispatchers has been thoroughly investigated by the department, and the conclusion has been reached that licensing of air carrier dispatchers in Canada is not desirable at this time. This view is supported by the Canadian air line pilots association and the air industries and transport association.

The recommendation that the Department of Transport institute regulations with respect to limiting hours of duty of flight crews has been under consideration for some time by a committee representing the Department of Transport and the industry.

The board has noted that in the weight and balance manifest of CF-MCF, there was no allowance or provision for the weight of the various articles in the commissary such as food, drink, eating utensils, etc., and has recommended that "a proper allowance be made in the weight and balance manifest of the aircraft for every item on board regardless of its weight". Air carrier inspectors have been directed to ensure that adequate provision is made by the major air carriers under their jurisdiction for including such items as commissary, tool boxes, extra equipment, spare parts, etc., in the load computation.

The board has recommended that "in all cases of secondhand aircraft imported for commercial operations a close check be made of the standard of their previous maintenance and service, modification status and recording, major changes to role, weight and balance and that the said aircraft be weighed before being put into operation".

Before formal registration and issue of a Canadian certificate of airworthiness, the aircraft has to be examined by a Canadian aircraft maintenance engineer or approved maintenance organization and certified as airworthy and in compliance with the pertinent specifications. The weight and balance report is then examined by this department for approval or otherwise.

RODOLPHE TREMBLAY

Question No. 344—**Mr. Argue:**

1. Was Mr. Rodolphe Tremblay employed at Usines Cherrier?
2. If so, between what dates?
3. What was his category and/or class as a painter, i.e. his qualifications?
4. Has the Minister of Defence Production received a sworn statement by Rodolphe Tremblay and Victor Martel concerning alleged irregularities at the Usines Cherrier of Canadian Arsenals Limited at St. Paul l'Ermite?
5. If so, has an investigation been made?
6. When and with what results?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. Yes.
2. June 17, 1953 and October 9, 1959.
3. When hired, painter grade A. On release, painter grade 1.
4. Yes.
5. Yes.
6. In February, 1959, as a result of which appropriate disciplinary action was taken.

USINES CHERRIER—EMPLOYMENT OF PAINTERS

Question No. 345—**Mr. Argue:**

1. How many painters by category (a. outside, b. inside) were employed at Usines Cherrier of Canadian Arsenals Limited on: (a) December 1, 1955; (b) December 1, 1957; (c) December 1, 1958; (d) December 1, 1959; (e) April 1, 1960?
2. Were there any fluctuations in numbers from year to year of the number of painters (a. outside, b. inside)?
3. If so, for what reasons?
4. What is the seniority, category (a. outside, b. inside) and/or class, i.e. qualification, of each painter now employed at Usines Cherrier?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. Note: Painters are not classified for inside or outside work.

(a) December 1, 1955, grade 1, 8, grade 2, 15, total, 23.

(b) December 1, 1957, grade 1, 6, grade 2, 2, total, 8.

(c) December 1, 1958, grade 1, 7, grade 2, 2, total, 9.

(d) December 1, 1959, grade 1, 4, grade 2, nil, total, 4.

(e) April 1, 1960, grade 1, 4, grade 2, nil, total, 4.

2. Yes, but no distinction between outside and inside painters.

3. To meet varying work load.

4. Seniority, one, January 1, 1946; one, January 9, 1947; one, April 25, 1949; one, May 14, 1951. Qualification, all four are painters, grade 1.

APPENDIX

SPEECH BY RIGHT HON. JOHN G. DIEFENBAKER, P.C., Q.C., M.P., PRIME MINISTER OF CANADA AT A STATE LUNCHEON IN HONOUR OF PRESIDENT DE GAULLE, AT THE CHATEAU LAURIER, APRIL 19, 1960—REPLY BY GENERAL DE GAULLE, OTTAWA, APRIL 19, 1960

Right Hon. J. G. Diefenbaker: Mr. President, Madame de Gaulle, distinguished guests, my first words must be to welcome you here as we gather to do honour to the President of France and I want to say to you at once, sir, within the hours that have passed since your arrival here, you must have felt the degree of Canada's regard and affection for you as the great leader of one of Canada's mother countries.

And most of what I say will be in the English language because I seem to recall that Sir Winston Churchill on a recent occasion when you conferred upon him the Cross of Lorraine stated that while in the days of war he did speak in French but the days of war were over and therefore he would only speak in English for the benefit of those that were listening to him. However, I do want to welcome you in a few words in the other official language.

(*Translation*)

Fifteen years ago the Canadian people welcomed the President of the provisional government of the French republic. Earlier in the war we had acclaimed the president of the French committee of national liberation. Today we welcome the President of the French republic and community. Now as before, however, it is to General de Gaulle that we offer our respect and admiration. We are happy to welcome you, as well as Madame de Gaulle who represents, in our eyes, the women of France with all their fine qualities of the heart and mind.

During those fifteen years France has recovered her elan; under your direction, France is a vital, dynamic and prosperous country which again holds the position she deserves among the great nations.

(*Text*)

Mr. President, when you visited London earlier this month Her Majesty Queen Elizabeth, who is our Queen, said to you that Britain and France were joined to Canada and the United States by ties of history, culture and language.

May I illustrate how truly and unforgettably Her Majesty's words applied to Canada.

Only a few acres from where you sit now, Mr. President, walked the sons of France, who more than three centuries ago began this nation's days—explorers like Samuel de Champlain, to whose memory stands a monument on a nearby cliff and missionaries like the immortal Jean de Brebeuf, who on his way to martyrdom camped for three days only a few miles from this spot; and those equally heroic souls, Father Gabriel Lalement and Father Jogues.

These were the men, Mr. President—and there were many others—who brought to this land and carried to its farthest frontiers the eternal verities of civilization—the men who in regions of darkness and terror and awful solitude endured for France and their faith—the men of whom the historian Parkman wrote:

> Men steeped in antique learning, pale with the close breath of the cloister, here spent the noon and evening of their lives, ruled savage hordes with a mild parental sway and stood serene before the direct shapes of death.

These were the men—the sons of France, of our first Canadian story—their treasurable contribution in our memories forever.

We remember, and will remember forever, that dread hour in 1940 when you, a lonely and desperate figure of destiny, clarioned the world for France and for freedom—that clarion call which, as Her Majesty said truly to you in London, matched the winged words of Sir Winston Churchill.

And we remember, too, sir, how in the long dark days which followed, those days when liberty was under siege, those days which tried through and through every quality and mystery of the human spirit, you stood as France incarnate, the valiant trustee of her ancient glory.

There is our remembrance that in the soil of France tens of thousands of our sons rest in the quiet of God's acre—our sons who, in two world wars, went out from us into the night for freedom. In many hundreds of plots throughout the hills and valleys of France lie our dead, in resting places dedicated forever to their memory and cared for tenderly by the people of France.

Those are our memories. Those are the thoughts that come to us on this day. You have truly brought a new strength to France at home and abroad. By your compatriots

you have been entrusted with the responsibility of restoring the stability of the French state; through the courageous application of your powers, France is firmly embarked on a brilliant renaissance. You have opened the door to an honourable settlement in Algeria; and, in territories where the tricolor has flown for generations, you have been the builder of the community of independent states joined by a common loyalty to the traditions and ideals of democracy.

This visit is an important one in that it has provided an opportunity for a continuation of the discussions between us which began in Paris in November 1958. The intervening months have been fateful for our civilization. We are approaching a stage of decision, a time when the quality of leadership will be submitted to its sternest test. Personal contacts on the highest level have been multiplying since our last meeting and have been an essential preliminary to the formal meeting of chiefs of state and heads of government which you will attend in Paris a month hence. Although not a participant at the summit, Canada has none the less a vital concern with the outcome. We will be following with intense interest the discussions that take place and the decisions that are made.

Today in our discussions we have examined together the outlook for peace. You have learned something of the elements of our thinking on the great issues of foreign policy. None of them is greater than an end to the arms race with its financial burdens on national economies and all its grave dangers that armaments mean to peace. France and Canada are partners in the search for a disarmament agreement as members of the ten nations committee now meeting in Geneva. Our objective, as is your objective, is peace. I express the hope that if out of the summit comes a new understanding as between west and east and a realization that the insane waste of armaments must end, we may yet see the day when east and west may join together, join together in a major step forward, first in reducing armaments and secondly in raising the standards of men everywhere in a world offensive against poverty.

I can't express to you, sir, what this meeting has meant to my colleagues and myself, as you honoured us today by meeting with us in our cabinet. We will always have those disagreements, even the best families do, misunderstandings take place but above everything else, the leaders of the free world dare not forget that the consistent and continuing consultation at a high level is necessary at all times to assure the most effective cooperation and that unity which has been so apparent during your visit here and meant so much to me, when you honoured Canada in November 1958, when my wife and I were with you in Paris.

Canada honours you as the wartime soul of France and a realistic and idealistic statesman of his country's restored strength and power.

For these reasons, Mr. President, because of what you are, what you have been, and what you represent, and because you come to us as a tried ally and friend, on behalf of the Canadian people I salute you with admiration, and for them say to you with the heart of all Canadians, "Vive la France".

Mr. President, you have our full attention.

(*Translation*)

General de Gaulle: Mr. Prime Minister, the words which you have addressed to me have moved me deeply. In thanking you on behalf of France, I want to tell you of my own impression on coming in contact with Canada.

The first voice I hear in Canada is that of history. France will always pride herself in having brought to your soil, more than four centuries ago, the germs of civilizing progress and the breadth of the Christian spirit. If, later on, other developments and influences made their mark here; if there were rivalries, battles and dismemberments, nevertheless the seed sown by France in Canada grew strong, even though other harvests have also ripened. Briefly, just as one sees water plants rise to the surface, so I feel, rising from the depths of the past, all sorts of ties, attractions and similarities which draw the spirit and the heart of my country very close to those of yours.

This was made abundantly clear during the two world wars. How could we, Frenchmen, ever forget the talents displayed and the prodigious sacrifices of so very many of your soldiers during the first world war on the battlefields of Artois and Flanders, and the heroic ranks of those buried in the soil of France? How could we fail to bear in mind your exemplary participation, during the second world war, in the great battles of Normandy, of Picardy, of Belgium and Germany, which meant the liberation of Europe? How could I fail to keep alive the memories of the two visits I have previously made to Canada, one in 1944 when I saw you straining in your war effort; the other in 1945 on the morrow of victory; while you were already beginning to recover, and you were holding out the hand of help to a ravaged France? I cannot fail, in this regard, to hail the memory of Mackenzie King who led his country, while I was leading mine, through those glorious trials.

And now, how do you appear to us? Materially, a new country, of vast size, mighty resources, inhabited by a hard-working and enterprising people. Politically, a state which has found the means to unite two societies, very different in origin, language and religion; which exercises independence under the British crown and forms part of the commonwealth, which is forging a national character even though spread out over three thousand miles alongside a very powerful federation; a solid and stable state, as proven by the fact that, in the last twenty five years, only three Prime Ministers—my friends, Mackenzie King, Saint-Laurent and Diefenbaker—have headed its government; a state which, far from concentrating only on its internal problems, makes its voice heard and plays an active part in the great affairs of the world. Finally, on the moral plane, Canada appears to us as a people very sensitive on the one hand to an orderly society, and on the other hand to the liberty and dignity of men.

Therefore, be well assured that the country, the entity, the people that you are, arouse the highest interest, sympathy and confidence of France. Not only have Canada and France no dispute over claims or ambitions, no difference of fundamentals, but, on the contrary, the French feel in common accord with Canadians, both in their conception and handling of the problems of our times.

Moreover, France, a country with a thousand years behind her, is also a new country, a country finding herself again, reshaping herself, but whose stability and reviving strength underline still further her world-wide responsibilities, illuminate her ideal—that of desiring for others the same self-determination that she wishes for herself, and which fortifies her resolve to form a vital part of what we, the free peoples, represent.

But what is our objective? In truth, it is peace, even though we realize that, to achieve it, we will have to travel a long and difficult road. In this regard, my country welcomes the approaching meeting of the heads of state commonly referred to as "the big four". France believes that there should first be introduced among these four states—and hence between the two camps of which they are the leading spirits—a relaxing of tensions. This implies the avoidance, at present, of any debating stalemate, and especially of any threat regarding, for instance, the problems of the German people. The matter also calls for at least a beginning to nuclear disarmament, starting with missiles and aircraft that carry atomic weapons, and over which mutual control is still practicable. Finally, there must be organized a basis of co-operation that will transcend political rivalries in the development of needy peoples.

At all events, France believes that the future of peace—and on this hinges survival—depends essentially upon the whole of Europe and upon America, which cradled modern civilization and are its fountainheads. France believes that the existence of opposing systems—assuming that the course of events does not narrow the gap between them—should not prevent peaceful co-existence, failing which nothing could, in the long run, save mankind. France hopes that, in going to the summit, she will enjoy the direct support of vigorous Canada, so worthy and able, and which she holds so close to her heart.

HOUSE OF COMMONS

Tuesday, April 26, 1960

The house met at 2.30 p.m.

SUPPLEMENTARY ESTIMATES, 1960-61

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1961, was presented by Hon. Donald M. Fleming (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

PUBLIC SERVICE

ANNOUNCEMENT OF APPOINTMENTS AND TRANSFERS OF SENIOR OFFICIALS

Right Hon. J. G. Diefenbaker (Prime Minister): I wish to announce certain appointments and transfers of senior government officers.

The governor in council has today accepted the resignation of Mr. J. G. Bisson as chairman of the unemployment insurance commission and has appointed him consul general for Canada in New Orleans.

Mr. Laval Fortier, who has been deputy minister of citizenship and immigration, has been appointed chairman of the unemployment insurance commission.

Dr. George F. Davidson, who has been deputy minister of welfare, has been appointed deputy minister of citizenship and immigration.

AGRICULTURE

WOOL—ANNOUNCEMENT OF SUPPORT PRICE FOR 1960-61

Hon. D. S. Harkness (Minister of Agriculture): The agricultural stabilization board will support the price of wool produced in Canada for the period April 1, 1960 to March 31, 1961 at 60 cents per pound for the average wholesale price of western range choice, half-blood staple, and eastern domestic, quarter-blood staple combined.

The prescribed price will be approximately 113 per cent of the base price or ten-year average of the two grades, basis f.o.b. Toronto, which is a slightly higher percentage than for the 1959 clip for which the prescribed price was approximately 110.5 per cent of the ten-year average. The support price for the 1959 clip resulted in the board making a deficiency payment of 21 cents per pound on all eligible graded wool.

The support price for 1960 is the same as that provided for the 1959 clip. It is considered that this support price is necessary and justified in order to assist the Canadian sheep industry.

EXTERNAL AFFAIRS

NORWAY—ANNOUNCEMENT OF ESTABLISHMENT OF WHEAT FLOUR STOCKPILE

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, by leave of the house I would like to make an announcement about the government's program for assisting NATO countries to set up strategic stockpiles of wheat flour.

Hon. members will recall that on June 1 of last year the Prime Minister (Mr. Diefenbaker) informed the house, as reported at page 4189 of *Hansard*, of the government's intention to ask parliament for $10 million for that purpose. He recalled how he had brought forward at the meeting of heads of governments of NATO countries at Paris in December, 1957 a proposal for the establishment of a food bank among the NATO countries for use in the event of an outbreak of hostilities. He expressed at that time the willingness of the Canadian government to play its part in the establishment of such food reserves. The house was made aware of the facts of the matter on July 19, 1958 during the debate on the estimates of the Department of Trade and Commerce.

Later, in October of that year, 1958, the terms of the Canadian offer were made known in detail to our NATO allies. During the course of last year, as the Prime Minister reported, discussions were carried on with interested countries, but these took longer than we had expected and no agreements were reached in time to enable us to make use of the $10 million voted for the last fiscal year. However, I am now able to announce, and I do so with pleasure, that an agreement was concluded yesterday with Norway under which Canada will provide 20,000 tons of wheat flour later this year for wartime emergency stockpiling purposes in Norway. In due course, when the supplementary estimates of my department for this year

come before the house, an item will be included to cover the expenditures that will be involved in this agreement.

The agreement with Norway took the form of an exchange of notes between myself and the Norwegian ambassador. These set out the terms and conditions under which the wheat flour will be provided by Canada and stored by Norway. With your leave I wish to table copies of the notes.

Briefly, the agreement provides that 20,000 tons of flour suitably packaged for long storage will be delivered to Canadian seaports to be specified by the government, and that Norway will inspect and assume title to the flour at those ports with all expenses thereafter being borne by the Norwegian government. They will transport the flour to Norway where they will store it for emergency wartime use. When it is no longer fit for human consumption it will be replaced by Norway either by wheat or wheat flour so as to maintain the original level of the stockpile at 20,000 tons.

I may perhaps add that the ambassador of Norway expressed to me his government's appreciation for Canada's contribution to their food stockpile within the framework of our common NATO defence objectives.

Mr. Speaker, I would now ask leave to table copies of these notes.

Mr. Winch: One other C.C.F. proposal accepted.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure all members of the house will greatly welcome the minister's announcement in so far as it refers to arrangements made between Canada and Norway by which we can help in this way a country with which we have worked so closely and constructively over the years in NATO and outside NATO, and which certainly deserves the kind of assistance the minister has mentioned.

However, I regret very much, and perhaps the minister does also, that it has not been found possible to carry out the original proposal, which went far beyond this present arrangement, for the establishment of a food bank in NATO. I would hope that this kind of assistance which is now being extended on a bilateral basis can be developed so that one day we will be able to do this sort of thing collectively inside NATO.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the announcement made by the government has the support of the C.C.F. group in this House of Commons. We feel that this is the right kind of emphasis for a policy undertaken in association with a NATO country. As the days go by I think more and more emphasis should be placed on economic assistance and collaboration rather than on the present excessive emphasis on military matters to the exclusion of important economic questions.

The quantity of wheat involved is not large. It is a relatively small quantity of wheat in terms of the quantity of wheat that Canada has made available in the past by way of economic assistance to the Colombo plan countries and other countries. We welcome this announcement, and we hope the government will consider taking similar action with regard to the Colombo plan countries so that in 1960 by way of economic assistance through the provision of wheat and flour we may at least equal the assistance we provided last year. At the moment we are very far short of doing so.

IRAN—EXPRESSIONS OF SYMPATHY FOR EARTHQUAKE VICTIMS

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, as hon. members will have seen in the press, the town of Lars in southern Iran was struck on Sunday, April 24, by an earthquake which, on the basis of news reports, may have caused between 1,500 and 3,000 deaths and extensive property damage. The Canadian representative in Tehran has been instructed to convey to the Iranian government expressions of sympathy in the name of Canada.

I am sure all the hon. members of this house would wish to join me in expressing to the government and people of Iran our sincere condolences over this tragedy, which is evoking the deepest sympathy across Canada. We have been in touch with the Canadian Red Cross, which is making efforts to ascertain whether Canadian help might eventually be required for victims of the disaster. As yet no request for assistance has been received.

Hon. L. B. Pearson (Leader of the Opposition): I am sure those of us who sit on this side will wish to join the minister in his expression of sympathy in what is obviously a terrible disaster. We feel also that this sympathy would be more impressive if we could follow it up by help through the Red Cross, as suggested by the minister.

Mr. H. W. Herridge (Kootenay West): We in this group join with the minister in his expression of sympathy for these most unfortunate people who have suffered as a result of this momentous disaster. Like the leader of the official opposition we trust this sympathy will find material expression in the days ahead.

UNEMPLOYMENT INSURANCE

STATEMENT ON HOLIDAY AND SEVERANCE PAY

Hon. Michael Starr (Minister of Labour): A number of hon. members have recently expressed interest in the meetings which have been held lately by the unemployment insurance advisory committee dealing with regulations 172 and 173. I have also received a number of submissions in connection with this matter, and inquiries as to the effect of these regulations. In view of the interest thus shown I would seek the indulgence of the house at this time to make a brief statement.

As the house knows, the regulations were recently considered by the advisory committee, which then reported to the unemployment insurance commission. Following these considerations the matter was reviewed by the government, with the result that the position has now been returned to almost exactly where it stood before September 27 last when the last changes in these regulations were made. Holiday pay will continue to be regarded as earnings in the case of a general plant shutdown for holidays occurring within six weeks of a claimant's separation from employment. Payment for single holidays will continue to be regarded as earnings during a week of unemployment after separation. This will prevent payment of benefits to claimants who are on vacation.

For all other purposes, holiday pay upon separation will revert to the status which prevailed prior to September 27, 1959. Severance pay will no longer be regarded as earnings, and this will apply also to bonuses and gratuities either in lump sums or instalments. Thus to all intents and purposes the situation reverts to what it was before September 27, 1959. The regulations as now amended will be effective as from March 27 last.

UNITED NATIONS

CONFERENCE ON LAW OF THE SEA—DEFEAT OF CANADIAN PROPOSAL

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Secretary of State for External Affairs whether he would care to comment on the situation which has arisen at the conference on the law of the sea at Geneva, where the Canadian proposal was defeated yesterday so narrowly.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, hon. members will have seen the press reports concerning today's vote at the law of the sea conference, at which by the narrow margin of one vote—in fact I think it was a percentage of a vote—the joint Canada-United States proposal failed to gain the necessary two thirds majority. The vote was 54 in favour and 28 against with 5 abstentions.

Efforts were made immediately after the vote to have the proposal reconsidered, but the motion for reconsideration was also defeated by a very narrow margin. As a result the conference has terminated without having arrived at a conclusion of any kind, and the international community is now left without agreement on a rule of law on the territorial sea and fishing limits. Naturally the government will now have to consider what action might have to be taken in the light of this failure.

I should like to pay tribute to Hon. George Drew, who led the Canadian delegation, and all his colleagues for the vigorous way in which they have dedicated themselves during the weeks of the conference and indeed for many months before in working for a formula which would provide for the orderly development of international law in this important field.

During the conference, as hon. members know, we reached a compromise with the United States and together with that country Canada has carried out one of the most extensive diplomatic campaigns we have ever undertaken in an effort to line up the necessary support. We have done everything possible to achieve a positive result. Both those in Geneva and in our missions abroad who worked toward this end deserve the highest commendation.

There has been one feature with regard to the Canada-United States compromise plan which I think has been misunderstood across the country. In the original Canadian plan we advocated a six-mile territorial limit and then a six-mile excluded fishing zone. The United States brought forward the same proposal with the proviso that in the outer six miles the so-called historic rights would continue in perpetuity. Canada has been willing to negotiate bilaterally or on a multilateral basis with countries fishing within twelve miles of our shores for a phasing-out period of these so-called historic rights. The compromise reached was that a ten-year period for phasing-out would be written into the convention.

The inference has been taken by some papers in Canada that we were willing to negotiate for a period beyond ten years; that is to say, perhaps for twenty years. But this was never the intention. We had been willing originally to negotiate for a period certainly not greater than ten years and preferably less; then when the compromise was reached

the only change made was that that was to be written right into the convention rather than being negotiated. At no time was there any intention to have the so-called historic rights last for longer than ten years.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wish to direct a supplementary question to the Secretary of State for External Affairs. If he does not have the answer readily available perhaps he could take this question as notice. Does the minister know whether any of the nations which have enjoyed these so-called historic rights in Canadian waters voted against the Canada-United States proposal?

Mr. Green: No, Mr. Speaker; I think all the western European countries voted for the Canada-United States proposal.

Mr. Pearson: Mr. Speaker, may I ask the minister whether in view of the result of the vote the Canadian government is giving any consideration to taking unilateral action under the Canada-United States proposal?

Mr. Green: Mr. Speaker, it would be premature as yet to say what further steps Canada will take. Actually the whole question will have to be given very careful consideration. It might be possible for some sort of convention to be reached among the 54 states that voted in favour of the Canada-United States proposal, but we would have to look into all the implications of advocating a course of that kind. I am not yet in a position to say what we would do.

NORTHERN AFFAIRS

MIGRATORY BIRDS—INQUIRY AS TO PROTECTION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as one conservationist to another I want to fire a double-barrelled question, purely for exploratory purposes, to the Minister of Northern Affairs and National Resources.

My question is based on a report in this morning's *Globe and Mail* which indicates that a certain Mr. Elmhurst suggests that some of his hardwood timber has suffered considerable loss over the years from the depradations of great blue herons, which are migratory birds. He has been given a permit by someone authorizing him to shoot or otherwise destroy the birds. Since he is a good conservationist he refuses to do this.

My questions are first, who has the authority to issue permits for the destruction of migratory birds? Second, will the minister have this case investigated to make certain of the continued protection of these great blue herons, and also to see whether some arrangements can be made for compensation to this worthy conservationist?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I should like to thank the hon. member for having given me notice of this question.

Under the Migratory Birds Convention Act and regulations the chief game officer of a province or, in certain circumstances, game officers appointed under the provisions of the act may issue permits for the destruction of migratory birds that are causing or are likely to cause serious damage to crops or other interests.

With regard to the second part, there has been an exchange of correspondence between Ontario and the Canadian wildlife service on this matter. The service has recommended that, when the birds come in the spring, attempts to scare them should first be made. If this is unsuccessful and damage continues, some of the birds could be killed under permit in order to protect this man's property.

I assure the hon. member that we will look into this matter further to ensure the observance of the best interests of the conservation of migratory birds, having regard also for the protection of private property from damage.

HEALTH AND WELFARE

FEDERAL-PROVINCIAL ADVISORY BOARD—STATEMENT ON REQUEST FOR OVERHAUL OF REGULATIONS

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, on April 12 the hon. member for Timmins (Mr. Martin) asked me if it was planned to hold a meeting of the federal-provincial advisory board to consider changes in the regulations affecting payment of old age assistance, disability allowances and blind persons allowances.

As I informed the estimates committee on March 8 last, a meeting had in fact already been held, on September 28-29 last year. The changes which were discussed and tentatively agreed to at that meeting have now been circulated in draft form to the provinces, which must indicate their official concurrence before we can proceed further. As soon as the provinces have all given their official approval the draft amendments will be placed before the governor in council for final approval, and I hope this can be done shortly.

NATURAL GAS

REPRESENTATIONS RESPECTING CONTROL OF OFF-SHORE RIGHTS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to address a question to the Minister of Northern Affairs and National Resources. Has the minister received any complaints or objections from any of the provinces regarding those parts of the regulations affecting oil and gas development, which he announced several weeks ago, which involve sovereignty over and control of off-shore rights? If so, what is their substance?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, to my knowledge there have been no complaints as yet.

INTERNATIONAL TRADE FAIR

REPRESENTATIVES TO CONFERENCE—REPORTED STATEMENT BY POSTMASTER GENERAL

On the orders of the day:

Mr. L. D. Crestohl (Cartier): Mr. Speaker, I should like to address two questions to the Minister of Trade and Commerce. Can the minister inform the house whether the mayor of Montreal has been invited as an official representative to the conference to decide on the world's fair, which is to take place in 1967, being held in Montreal? Can the minister also tell us why the Postmaster General (Mr. Hamilton) announced in Montreal that Canada has a slim chance of having the fair?

Hon. Gordon Churchill (Minister of Trade and Commerce): Both these questions should be addressed to the Postmaster General, who has responsibility in this matter.

HARBOURS

LAKEHEAD—REPORTED REQUEST FOR STATUS AS OCEAN PORT

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I should like to address a question to the Minister of Transport. Has the minister received requests from the joint transportation committee of the Fort William and Port Arthur chambers of commerce asking that the lakehead harbour be given the status of an ocean port? If so, can the minister tell the house whether the request is receiving favourable consideration?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. I have received no request of that kind.

LABOUR CONDITIONS

ALBERTA—REPORTED PROTEST AGAINST RAILWAY EMPLOYMENT CONDITIONS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to repeat a question I put to the Prime Minister on April 11, before the Easter recess. It was whether the Prime Minister had received a letter from the brotherhood of maintenance of way employees, Alberta lodge, protesting against the abolition of sections, and also against the drastic cut being made in maintenance of way forces, in which it is urgently requested the Prime Minister use his good offices to inquire into these employment conditions. My question was:

Has the Prime Minister made such inquiry and, if so, with what results?

Right Hon. J. G. Diefenbaker (Prime Minister): My recollection is that I did receive such a letter, and it was acknowledged. Because of the fact that the Minister of Transport reports on these matters on behalf of Canadian National Railways, it was directed to him in order that he might communicate with the railways in the usual course.

Mr. Chevrier: I wonder if I could direct the question to the Minister of Transport. My only reason for asking it of the Prime Minister was that the communication was not directed to the Minister of Transport but to the Prime Minister alone. I wonder if I could ask a supplementary question of the Minister of Transport to ascertain whether these representations made to the Prime Minister by the Alberta lodge were passed on to the Canadian National Railways, and with what result.

Hon. George H. Hees (Minister of Transport): It is my recollection, Mr. Speaker, that I received such representations and that they were passed along to the Canadian National Railways, but I will check on that.

PATENT ACT

INQUIRY AS TO LEGISLATION ON INDUSTRIAL DESIGN AND COPYRIGHT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Acting Secretary of State arising out of the statement he made to the house on April 4, when he tabled the report of the royal commission on patents of inventions, wherein he said that appropriate legislation would not be introduced this session but next session, and that interested persons would have a chance to make submissions. My question is this. Does

the same policy apply with respect to the royal commission report on industrial designs and copyright? In other words, is legislation being considered in these fields as well?

Hon. Leon Balcer (Acting Secretary of State): Well, Mr. Speaker, when I tabled the report I made the statement that part of the inquiry was not carried on by the commission. As I said in the statement, the report on trade marks had been brought forward quite recently and there were some amendments, and it was for that reason we did not ask the commission to carry on with its inquiry on trade marks.

In so far as any suggestions are concerned that the public might have in connection with these matters, of course the department is always quite pleased to receive them.

Mr. Argue: I believe the minister misunderstood my question. My question did not have to do with trade marks but was related to the government's action, if any, with respect to the report tabled in this house in 1958 dealing with copyright and industrial design. My question is, is the government taking the the same attitude toward these two reports that it has taken with regard to the report on patents of inventions, namely that interested parties can make submissions on these two questions between now and the next session of parliament and that the government, at the next session of parliament, will consider appropriate legislation?

Mr. Balcer: Mr. Speaker, that is a question of government policy, and it will be announced in due course.

Mr. Argue: As a supplementary question, may I ask whether the government is giving any consideration to legislation in these two important fields, upon which we have had reports since 1958?

Mr. Balcer: These reports are under consideration.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO FRENCH NETWORK PROGRAM ON MARSHAL PETAIN

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I reiterate a question I asked yesterday in the absence of the Minister of National Revenue. Has the minister been made aware of the fact that on the very day the President of the French republic was in Canada, there was, on the French network of the C.B.C., a program having to do with Marshal Petain? My question was, is the minister aware of this program and, if so, has the C.B.C. offered any explanation to the minister?

[Mr. Argue.]

Hon. George C. Nowlan (Minister of National Revenue): I was made aware of this matter by reading about it in the newspapers. No explanation, if one is possible, has been received from the C.B.C. I have asked for one, and I will be very interested in receiving it and passing it on to the house.

FINANCE

STATEMENT ON SUGGESTED EXPLANATION TO TOURISTS OF U.S. SILVER DISCOUNT

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Yesterday in my absence the hon. member for Fort William (Mr. Badanai) put forward a suggestion in the form of a question, to the effect that United States tourists entering this country be given some form of letter or document explaining the facts regarding the premium on the Canadian dollar.

I should like to point out to the hon. member that this is a good suggestion, and I appreciate it. However, we have had it in effect now for two years. Approximately a million and a half pamphlets entitled "Friendly Advice to American Tourists" have been given to tourists as they entered the country, through the co-operation of the customs department. In addition we supply copies of this booklet and posters to boards of trade in the cities and towns of Canada, and they distribute them to their members so that United States tourists entering these places of business can get this information from these pamphlets.

The third thing we do is issue a border crossing leaflet which explains the exchange problems and other matters of interest to the tourists in so far as travel in this country is concerned. The total distribution of these three items has amounted to some five million, so there has been a very widespread distribution.

The fourth thing we are doing is co-operating very closely with the Canadian tourist association in its program of public relations to make the tourists more aware of the problems relating to exchange.

Mr. Hubert Badanai (Fort William): May I ask a supplementary question. My question was whether the minister was going to write a letter explaining the situation with regard to silver. Two years ago we were not discounting silver.

Some hon. Members: Order.

INDUSTRY

STATEMENT ON PROPOSED HYDROCARBON PIPE LINE TO LAKEHEAD

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Yesterday the hon. member for Fort William (Mr. Badanai) asked me a question with regard to a proposed hydrocarbon pipe line to the lakehead. As I said yesterday, this is a matter for the national energy board. The board informs me that no application to construct such a pipe line is before them; consequently I cannot answer the second part of the question, which had to do with the building up of a petrochemical industry at the Canadian lakehead in connection with the proposed line. The question is still in the hypothetical stage.

INQUIRY FOR RETURN

PENSION PLANS, INCOME TAX ACT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Acting Secretary of State. On March 23 last the hon. member for Kootenay West moved for the production of papers relating to pension vesting principles. I do not want to cause anyone any undue excitement or activity, but would the minister inquire as to when these papers are likely to be produced?

Hon. Leon Balcer (Acting Secretary of State): I will inquire.

BUSINESS OF THE HOUSE

INQUIRY AS TO RE-ESTABLISHMENT OF BROADCASTING COMMITTEE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Minister of National Revenue whether it is his intention at this session to put a motion on the order paper to set up a committee on broadcasting.

Hon. George C. Nowlan (Minister of National Revenue): Yes, it is my intention.

Mr. Pickersgill: Would the minister, in drafting his motion, have regard to the undertaking he gave to the opposition during the debate in 1958, so as to ensure that the first priority of the committee will be to carry out those inquiries that the minister said would be carried out?

Mr. Nowlan: Of course the scope and nature of the inquiry, subject to the rules, will be in the hands of the committee once it is constituted.

Mr. Pickersgill: I think the minister misunderstood my question. I asked him whether in drafting his motion, he would have regard to the undertakings he gave to the house.

Mr. Nowlan: I always have regard to the undertakings I give to the house.

TRADE

STEEL—REPORTED NEGOTIATIONS FOR SALE TO MEXICO

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce arising out of the Canadian Press report to the effect that negotiations are being conducted between Canada and Mexico for the sale of $10 million worth of Canadian steel to that country. Can the minister say what progress is being made in these negotiations, and whether the conclusion of such a sale depends on the provision of adequate export credit?

Hon. Gordon Churchill (Minister of Trade and Commerce): The negotiations are still being carried on, and I do not think it would be appropriate to go into any detail with regard to that matter at the moment.

Mr. Argue: I have a supplementary question. Can the minister comment on the part of the report to the effect that an agreement is likely or is imminent?

Mr. Churchill: Is which?

Mr. Argue: That an agreement is imminent or is likely to be signed almost immediately.

Mr. Churchill: I hope the report is accurate.

Mr. Argue: Does the minister not know? It is his department.

HOUSE OF COMMONS

INQUIRY AS TO CHANGE IN METHOD OF REPORTING PROCEEDINGS

On the orders of the day:

Mr. Frank Howard (Skeena): I wish to direct a question to the Minister of Trade and Commerce in his capacity as house leader. I do so because I do not know where else to direct it at the moment. In view of the fact that I have just noticed a *Hansard* reporter enter the house with a tapewriter in his possession, I wish to ask the minister whether it is the intention to move toward a different system of recording speeches in this house, from that of shorthand notes to the use of tapewriters?

Hon. Gordon Churchill (Minister of Trade and Commerce): I am told that it is a shorthand machine, not a typewriter.

Mr. Howard: I have a supplementary question. I have just had indicated to me by my

friend the hon. member for Timiskaming (Mr. Peters) what the minister said. I did not catch his remark, but I understood him to say it is not a typewriter. I did not say it was a typewriter; I said "tapewriter".

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT

ALTERNATIVE ARRANGEMENTS FOR UNIVERSITY GRANTS—EXTENSION OF INDIVIDUAL INCOME TAX RATE

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-56, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

He said: Mr. Speaker, it is not my intention to repeat anything that was said at the resolution stage of this amendment. That resolution has already been the subject of a two-day debate, on March 18 and again on April 1. The resolution received the unanimous approval of the house. I thank the house for that approval and for the approving comments that were made in connection with the alternative basis proposed in relation to university grants. I hope the house will be able now to accord the same unanimous support to the bill.

Briefly, the bill has two features. The first concerns the increase from 10 per cent to 13 per cent in the provincial share of the yield from the personal income tax. That increase will, by the terms of this bill, become effective now until March 31, 1962.

The second feature of the bill concerns the alternative basis in relation to university grants. The statute as it is proposed to be amended will make provision for the payment of university grants equivalent to $1.50 per head of population in each province. If this bill is adopted, item 125 of the main estimates for the current fiscal year will be withdrawn. In the second place the provision becomes effective now on a statutory basis for two years. Hitherto it has been on an annual basis only, simply by reason of an item in the estimates.

The third comment concerns the alternative method that is now available to any province. The bill also makes provision for power to be given to revise any tax-sharing agreement which any province has entered into in the event that it now desires to resume the collection of the corporation tax for one or both of the two remaining years of the current five-year period under the Federal-Provincial Tax-Sharing Arrangements Act.

I comment on only one matter that was raised in debate at the resolution stage. Attention was drawn to the fact that those who now constitute the government and its supporters in the house did not support this measure when it was introduced by the former administration in 1956; and yet, having come into office, the agreements that were entered into in pursuance of that statute have been continued in force and have been fully recognized by the government.

Of course, Mr. Speaker, we did not support this measure when it was introduced in the house in 1956. Indeed, we voted against it, and we divided the house on the bill. But I would point out, as I have had occasion to do in former debates, that in pursuance of the terms of this enactment, agreements were entered into by the former federal government with nine of the provincial governments. When we came into office and since then we have fully honoured and carried out the terms of those agreements and will, of course, continue to do so during the full period they are in force up to March 31, 1962. We are not the kind of people who repudiate agreements that have been entered into in pursuance of legislation passed by the parliament of Canada. Indeed, Mr. Speaker, we have greatly improved, for the benefit of the provinces, the terms upon which nine provinces entered into these agreements, and we have made those improvements for the benefit of the ten provinces both with respect to the tax rental features of the agreements and the principle of equalization which was written into the bill in order to aid the fiscally weaker provinces.

We made those improvements at the expense of our own federal fiscal position at a time when we were incurring deficits. I point out that this bill, if now adopted, will assure to the provinces for the balance of the present quinquennial period to March 31, 1962, the benefit of the increased federal payments.

Finally, the house is aware that the Prime Minister has invited the premiers of all of the provinces to meet in a plenary dominion-provincial conference to be held in Ottawa on July 25, 26 and 27 next. The continuing committee of officials drawn from both federal and provincial governments, which has done such useful work from which the ministers of finance and provincial treasurers at their meetings held in July and October of 1957 derived much benefit, will be invited to meet in advance of the plenary conference.

The matters to be submitted to the conference will concern financial relations between the dominion and the provinces in the period following March 31, 1962. It is therefore not anticipated that, if the house sees

fit to adopt the present bill, further amendments to the Federal-Provincial Tax-Sharing Arrangements Act will be required during the balance of the present period to March 31, 1962.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the Minister of Finance stated that there was not much that he intended to add to what had already been said on the resolution. However, he reiterated some of the statements he made on that occasion and added one or two additional remarks which I do not believe change the substance of what he said during the course of the debate on the resolution. So this leaves the position, in so far the as the principle of this bill is concerned, exactly where it was when the discussion on the resolution terminated.

I would like to deal with this bill in several of its aspects, but before doing so I would like to say something with reference to the historical and constitutional aspects of the situation. In 1950 all Canadian universities requested from the federal government financial assistance with respect to their position as it was then found, and these representations were made to the Massey commission. The Massey commission was impressed by the representations which were made to it. It was impressed not only because of the need of the universities at the time and because of the fact that the representations pointed to the responsibility of the federal government in this sphere, but because there is no doubt that without any exception all Canadian universities at the time felt that assistance should be forthcoming.

So in 1951 the Massey commission made representations to this effect to the then government, and the government of Mr. St. Laurent accepted those recommendations and a special item providing for direct federal grants to universities was included in the 1951-52 estimates. All present Conservative members who were sitting on this side of the house at that time supported the measure.

Thereafter consultations were held with the provinces, and as a result of these consultations all provincial governments accepted the idea of direct federal grants to universities for the year 1951-52. So that what appears today to the Quebec Conservatives as a crime committed by the St. Laurent government was approved in the fiscal year 1951-52 first by all Canadian universities, next by all provincial governments, and also by all political parties in this house including the Conservative party. Therefore when the Quebec members accuse the St. Laurent government, they must not forget for one moment that they are also blaming their own party, including, of course, the present Prime Minister and the Minister of Finance, who were enthusiastic accessories to the so-called crime of constitutional infringement.

Now I come quickly to 1956. It became evident to the former prime minister, Mr. St. Laurent, in that year that the amount which had been put in the estimates in 1951-52 was not sufficient and that the universities would require greater assistance, including those in the province of Quebec. Mr. St. Laurent therefore proposed to double the grants, and he asked the national conference of Canadian universities to assume the responsibility for distributing the money to each university so as to make sure that any interference by the federal government with the freedom of individual universities would be absolutely impossible.

Again all Canadian universities accepted Mr. St. Laurent's proposal, but this time the Prime Minister added another feature by providing that the funds would accumulate if a university decided to refuse the grants temporarily, and as a result of that provision the sum of $25 million has been accumulated for Quebec universities since 1956. I am sure those universities are today very grateful to Mr. St. Laurent for making that provision, because otherwise it would not have been possible for them to recoup the millions of dollars which then would have been lost.

When the new proposal was introduced in the house by the former government early in 1957 it was again approved by all political parties, including the Conservative party. The Quebec Conservative members should not forget the attitude taken then by their own party. For the second time, in 1957 as in 1952, Quebec universities had to refuse the annual federal grants after having approved the formula. Again they feared retaliatory measures by the Quebec government. This becomes quite evident when we realize that all universities outside Quebec, including French speaking and Catholic institutions, accepted federal assistance. That I think is a point which hon. members on the other side of the house, particularly from the province of Quebec, seem to forget.

This deadlock was also recognized by the present government, which during more than two years in office did absolutely nothing to solve the problem. Last October hon. Mr. Sauve took the initiative and started negotiations with the federal government. Because of his action a solution became possible, and the Minister of Finance acknowledged his contribution when he paid tribute to him in his speech in this house at the resolution stage.

So much for the historical aspect of the situation. I now turn my remarks to the constitutional aspect. Here I state, sir, without any equivocation that there is a clear and profound division of opinion on this question within the ranks of the Conservative party. There is a division of opinion on the one hand in so far as the older members of the Conservative party are concerned and, on the other hand, in so far as the newly elected members from the province of Quebec are concerned. The Prime Minister, the Minister of Finance and the older Conservatives maintain that federal grants to universities are perfectly constitutional and that they should continue to be provided. On the contrary the newly elected Conservatives from Quebec argue that such grants are unconstitutional and that they are a clear violation of the constitution.

There is only one group which thus far has remained silent in the house on the issue, and that is the Quebec ministers in the government. Not one of them during the course of these debates which have come up in the house from time to time has had a word to say on this very important subject. The Solicitor General (Mr. Balcer), the Minister of Defence Production (Mr. O'Hurley), the Minister of Mines and Technical Surveys (Mr. Comtois) and the Associate Minister of National Defence (Mr. Sevigny) have never uttered a word on this important matter in the house. As representatives of the province of Quebec in the cabinet they have a clear obligation to participate in this debate, and they must now define their attitude in this respect.

The Quebec ministers cannot avoid the issue. This bill provides for federal grants to universities, and they will have to take a definite stand when they vote on it. The only honourable course for them to follow under such conditions, it seems to me—and I say this with all deference—is to define and justify their attitude before they express it by their vote. Therefore we shall anticipate their participation in this debate with great interest.

I said a moment ago that the views of the older Conservatives were that federal grants to universities were perfectly constitutional. This cannot be disputed in any way whatsoever when one considers the attitude which was taken in 1951 and 1957 when those hon. members were in opposition; and since they have become members of the present government the introduction of this bill, for that matter, is another manifestation of those views which were clearly expressed by the

Minister of Finance in this house on September 6, 1958 and again on March 18, 1960. The minister spoke in French when he said:

(Translation):

This government scrupulously respects the terms of the Canadian constitution and will always do. It is plainly recognized that education is a field of jurisdiction exclusively assigned to the provinces. The increased grants proposed by the government are merely a needed assistance to universities without any interference in any provincial field intended by the government.

(Text):

This can be found on page 2227 of *Hansard*. Such a statement could not be simpler or more clear, for the Minister of Finance, speaking twice on behalf of the present government, said that federal grants constitute a necessary assistance to universities and that the government does not thereby intervene in any provincial field. The Liberal party has expressed exactly similar views since 1951. The difference between ourselves and the Conservative party is that we have had the honesty and courage to make this statement from one end of the country to the other, including the province of Quebec. This is exactly what I said when I spoke in the house on July 18, 1959, as will be found on page 6678 of *Hansard*, and I quote:

(Translation):

Since they were established in 1951 we have always said that such grants were constitutional.

(Text):

For having said exactly what the Minister of Finance stated on September 6, 1958 and repeated on March 18, 1960, the hon. member for Bellechasse (Mr. Dorion) chose to attack me as appears at page 2809 of *Hansard*, when he spoke on the resolution preceding this bill on April 1, 1960. I have only one question to ask the hon. member for Bellechasse, and it is this. Why did he not have the courage to attack the Minister of Finance and his own party when he spoke in the house on April 1, instead of attempting to convince the house that he was opposed only to the point of view adopted by the Liberals?

The Minister of Finance made a very important statement twice in this house; that the federal government is not intervening in a provincial field when it makes university grants. I hope that in the course of this debate the Quebec Conservative members will address their constitutional objections to him, and ask the Minister of Finance to justify the position he holds in this respect. Even the hon. member for Bellechasse was at pains, and in an embarrassing position,

the other day when asked to reply to a question by my colleague the hon. member for Bonavista-Twillingate (Mr. Pickersgill), when he stated that the Quebec government had the constitutional right to give financial assistance to universities outside Quebec. I am in agreement with the hon. member on this; but if the Quebec government can vote —and I quote his words—grants to universities outside Quebec at the request of those universities and with the consent of the governments of those provinces—and this quotation may be found on page 2813 of *Hansard* —although it has no jurisdiction whatsoever over education outside Quebec, then surely the federal parliament has the prerogative of voting similar grants to universities in any province without interfering in any way with the exclusive right of the provincial legislatures over education. The only constitutional limitations on such federal grants are that the federal government cannot finance them through a specific direct tax, and that it cannot use such assistance to impose compulsory regulations in educational matters or to encroach on the exclusive provincial jurisdiction in that field.

This was the position adopted by Mr. St. Laurent, and it is the position we are taking today. So far as the Liberal party is concerned we shall never tolerate any encroachment into this exclusive provincial field. The newly elected members from the province of Quebec still claim, however, that federal grants to universities are clearly a violation of the constitution.

Mr. Martel: That is true.

Mr. Chevrier: I am interrupted and told that is true. If that is true, I submit that if the hon. member and those associated with him honestly and sincerely hold such a view then they cannot support this measure. If they are of that opinion they cannot support a measure which is unconstitutional.

An hon. Member: This is not a direct grant; that is the difference.

Mr. Chevrier: This provides for federal grants to universities according to the St. Laurent formula, which the hon. member and his friends so violently opposed during the last electoral campaigns in Quebec. The only difference is that this grant, instead of being provided for by a vote in the estimates, will from now on be paid as a statutory item. This change, however, establishes these grants on a much more permanent basis than before. The government has stated its intention, and in fact this intention has been confirmed by the statement the minister made a few moments ago, that these grants will be carried on until March, 1962 notwithstanding the dominion-provincial conference to be held next July.

The fact that Quebec universities will not receive the grants on the basis of the earlier formula does not change the constitutional position in any way. In other words, if a formula is a clear violation of the constitution, the fact that it will not apply in one province does not make it constitutional, and all hon. members of this house have the obligation of preserving the constitution not only in their respective provinces but in the whole of Canada. The Quebec Conservative members, no matter how hard they try, cannot escape this responsibility.

Now I should like to come to the formula which is to be found in the bill, and to discuss it in a general way. I claim that the formula as found in the bill does not solve the constitutional issue which exists at present according to the Quebec Conservative members. On the contrary, as I will show later, it raises new and much more serious constitutional difficulties of its own.

At this stage, however, I should like to show that the new formula, like the present one, provides for federal grants for the purpose of education. The essential difference between the two formulae resides in the fact that they follow two different methods of distribution of the same federal grants.

Indeed, the Minister of Finance has always been consistent and frank in this matter. He believes that federal grants are constitutional. He never intended to abolish them, though he was prepared to change the method of distribution. That is what he said on September 6, 1958, and what he repeated on the resolution preceding this bill:

> I emphasize, Mr. Chairman, that in reference to this subject of the basis of distribution this present government makes no rigid approach. We adopt no take it or leave it attitude in regard to this basis of distribution.

Those words may be found at page 2227 of *Hansard* of March 18, 1960. In other words what the Minister of Finance said was this. We intend to continue to provide federal grants to help Canadian universities, but we are prepared to modify their method of distribution. That is exactly what the minister is doing in this bill. Here again he has been very clear and frank, when he said in introducing the resolution as reported at page 2225 of *Hansard* of March 18, 1960:

> The amendment proposed will simply provide alternative arrangements so that grants now paid by the federal government to institutions of higher

learning under the authority of the annual Appropriation Act can be paid out of the federal treasury through the Canadian universities foundation under the authority of the Federal-Provincial Tax-Sharing Arrangements Act or, under certain circumstances, when a province so desires directly, by that province.

Therefore, according to the Minister of Finance himself, the bill provides for university grants paid out of the federal treasury. In the one case these federal grants will be paid through the Canadian universities foundation and in the other through the province. The fact that such federal grants will be made to universities through the Canadian universities foundation or through the province does not in any way modify the constitutional position in this respect. According to the new method embodied in this bill the university grants will be paid out of the federal treasury through a tax abatement not exceeding $1.50 per capita and, if necessary, through a straight conditional payment to the provincial government.

The constitutional position in so far as section 93 is concerned is not changed or altered in any way by this bill. If, as the Quebec Conservative members claim, the federal government does not have the power to provide grants to universities, then this bill is clearly unconstitutional and ultra vires. These Quebec Conservative members have no escape, therefore; because surely no pretext can be used to justify the violation of the constitution. However, as I said earlier, there is a new constitutional problem created by this bill.

While the new method of distribution does not remove in any way the constitutional issue raised by the Quebec Conservative members in regard to the present basis of distribution it does pose a new and, in my opinion, a genuine constitutional difficulty. This problem is related to section 92 of the constitution, which provides that—

> —in each province, the legislature may exclusively make laws in relation to ... direct taxation within the province in order to the raising of a revenue for provincial purposes.

The press release issued by the Prime Minister on December 10, 1959 contains the following statement which has been embodied in this bill:

> If the government of a province requests the change to be made in respect of that province, and undertakes to provide additional grants to the universities in that province on a scale equivalent to the present federal grants of $1.50 per capita, then parliament will be asked to authorize an increase of 1 per cent in the abatement made in the federal corporation tax in respect of that province, from 9 per cent to 10 per cent. This increased allowance for a provincial corporation tax would be in lieu of federal grants for universities in that province. It would be necessary for the provincial legislature then to impose an additional corporation tax equivalent to the reduction in the federal tax and to authorize the payment of the additional grants to the universities.

In other words, the federal government in this bill is saying to a province "We will reduce our corporation income tax, which is a direct tax, by 1 per cent on the following conditions. The provincial government must levy a direct tax of at least 1 per cent on corporation income; the proceeds of that provincial tax must be distributed to the universities in the province, and the total grant must not be less than $1.50 per capita. If the proceeds of that tax exceed $1.50 per capita we, the federal government, will appropriate the surplus of those provincial revenues."

Under such conditions the federal government determines when a provincial tax will be levied, what will be its minimum rate, how it will be utilized for a provincial purpose, and what will be its maximum yield to the provincial treasury. For all practical purposes, therefore, as the Minister of Finance has said, university grants will be paid out of the federal treasury by the province.

But that is not the whole story. In addition, the arrangement to be made by the province with the universities will have to be in accordance with and subject to terms and conditions not inconsistent with those contained in any agreement entered into between the Minister of Finance and the Canadian universities foundation. Therefore the provincial government, in distributing its own money to universities within the province, will have to comply with conditions set out in an agreement to which it is not even a party and which will be determined, for all practical purposes, unilaterally by the Minister of Finance.

Finally, the Minister of Finance will be the only judge to determine whether the arrangements made by the provincial government with the universities within the province are satisfactory.

This is, to say the least, a fantastic piece of legislation. I submit, Mr. Speaker, that no other federal government or minister of finance since confederation has dared to intervene so emphatically, so evidently and so thoroughly in an exclusively provincial matter. The way a provincial government

deals with universities within the province is not in any way the concern of the federal government. Under the proposed arrangement, however, the provincial government is not even in the same position as the Canadian universities foundation, which will at least have the opportunity to discuss the terms of its agreement with the Minister of Finance. The province will become a mere fiscal agent of the federal authority with respect to a direct provincial tax raised for a provincial purpose.

This arrangement amounts to a delegation by the federal government of a provincial power to a provincial government. This is surely the height of arrogance, because our courts have decided that even the delegation of a federal power to a legislature or vice versa was unconstitutional.

In this connection I would like to quote from a decision of the Supreme Court of Canada, the case of the attorney general of Nova Scotia *et al v.* the Attorney General of Canada *et al,* found at page 369 of *Dominion Law Reports,* volume 4, 1950. I should like to read just one sentence from the headnote and then a portion of the judgment of Mr. Justice Estey. The headnote of this case reads in part as follows:

> Neither the parliament of Canada nor the legislature of any province can delegate one to the other (to be exercised by that other as a parliament or legislature, as the case may be) any of the legislative authority respectively conferred upon them by the British North America Act and especially by sections 91 and 92 thereof.

At page 391 Mr. Justice Estey, among other things, had this to say:

> Moreover, the provisions of the British North America Act contemplate these legislative bodies will, at all times, in the exercise of their sovereign jurisdiction, act as principals. There is no express provision nor is there any under which it could be reasonably implied that these bodies were intended to act as agents one for the other.

It would appear that the position which I have been taking is confirmed by a decision of the Supreme Court of Canada.

According to the provisions of the present bill the provincial government will, for all practical purposes, act as agent for the federal government but in a provincial field. The new scheme, therefore, raises a very serious constitutional issue which is related to the exclusive right of the provinces to raise direct taxes for provincial purposes and to spend the proceeds as the legislature see fit. Our courts have already decided that the federal government and the provinces do not have the right to surrender by mutual consent a prerogative or a responsibility assigned to them by the constitution. If a province cannot transfer its exclusive constitutional powers to the federal government, it cannot by implication accept any specific limitation on the exercise of those powers imposed by parliament as the condition of an arrangement, because such limitation would amount to the partial surrender of those powers to parliament.

I have grave doubts about the constitutionality of the new arrangement embodied in this bill. I am not, of course, competent enough in constitutional matters to be sure that this new scheme is, in fact, ultra vires in its entirety, but I am quite confident that it is at least incompatible with the spirit of our constitution.

Moreover, there is another feature in the arrangement contained in this bill which appears to be an encroachment on the exclusive taxation powers of provincial legislatures. This is the provision:

> "There may be deducted from any payment to the province under this act or otherwise recovered as a debt due to Canada by the province, any amount by which one ninth of the standard corporation income tax as applied to the province for that fiscal year exceeds an amount calculated by multiplying the population of the province for the calendar year ending in that fiscal year by one dollar and fifty cents."

In other words, the federal government asserts under this provision that if the yield of the additional provincial tax of 1 per cent exceeds $1.50 per head, the excess of that provincial tax raised for a provincial purpose belongs to the federal government and will be recovered as a debt due to the federal treasury by the province. This, it seems to me, is a violation of section 92 of the constitution. Under our constitutional provisions the federal government does not have access to direct taxation raised for a provincial purpose. Such taxation raised for a provincial purpose belongs exclusively to the provinces. Moreover, revenues raised by a province under section 92 belong to the legislature of that province exclusively, and the federal government cannot claim any share of such revenues in the form of deductions or otherwise as if those were a debt due by the province to the federal treasury.

Here I should like to substantiate the opinion I express by a Supreme Court of Canada decision in 1930 in the reference "Troops in Cape Breton". The court, at page 562 of its 1930 reports, had this to say:

> The Solicitor General in his very candid argument did not contend that the duty to pay these

expenses could be imposed by the dominion on the province in invitum and that, of course, would be a plain violation of the fundamental principle of the British North America Act. The revenues of the province are vested in His Majesty as the supreme head of the province, and the right of appropriation of all such revenues belongs to the legislature of the province exclusively.

The provision authorizing the deduction of moneys due by a province under these sections from the annual subsidy does not help the dominion. Obviously such a deduction could not constitutionally be made, unless the province was under an obligation to pay.

It is quite evident, therefore, that a share of provincial revenues produced by direct taxation, such as a corporation income tax, and raised for a provincial purpose, namely education, cannot be claimed as a debt due to the federal treasury by a province. Moreover, since there is no such debt, the province has no obligation to pay the amount claimed by the federal government. And since the province has no obligation to pay, the deduction that the federal government intends to make under the terms of this bill cannot constitutionally be made, as the Supreme Court of Canada has already pointed out in the decision of 1930.

It has been said that this bill is an improvement over the present situation, and that it is a step in the right direction. I certainly cannot agree with these views. On the contrary, I believe that several provisions of this bill constitute the worst intrusion ever attempted by a federal government in the affairs of a province. From that point of view I feel that it establishes a very bad precedent and that it is a step in the wrong direction.

In conclusion I should like to summarize the attitude of the official opposition toward the main parts of this bill. We support the increased payment to the provinces; that is, the extension of the rate of 13 per cent of the standard individual income tax for a further period of two years, although such an arrangement is not what the provinces were led to believe they would get from the present government before the last general election. Next, we are also in favour of the university grants paid out of the federal treasury, which were started by a Liberal government, and distributed through the Canadian universities foundation or, as I suggested last year, through a provincial universities foundation or council, because such grants are in the public interest; they are not financed by a specific direct tax, and they are not accompanied by any conditions affecting education.

So far as the constitutional basis of the proposed new arrangement for federal financial aid to universities through the provinces is concerned, we believe this is an attempt to go beyond the jurisdiction of parliament. We do not feel that anyone in this house should be an accessory to what seems to us a violation of the constitution, even if such violation were to last for a period of only two years. Therefore we feel that the government should either satisfy the house that the bill is completely constitutional or give us an assurance that the necessary modifications will be made during the course of the discussion to bring the bill within the jurisdiction of the federal parliament.

Mr. Fleming (Eglinton): May I ask the hon. gentleman a question? Does he intend to vote for the bill or against it on second reading?

Mr. Chevrier: Mr. Speaker, that is the question which hon. members and the Minister of Finance ask from time to time and I will give him the same answer which he gave to us consistently when he sat on this side of the house. The conclusion I came to was quite clear, and the minister will find out in due course what the position is. In other words—

Mr. Fleming (Eglinton): Does the hon. member not know now?

Mr. Chevrier: Yes, right now. In other words, if the Minister of Finance can remove the constitutional objections which I have listed and which are now in the bill, then we will give consideration to the question.

Mr. Fisher: I have a question.

Mr. Speaker: If the hon. member who is just finishing wishes to accept it, all right.

Mr. Fisher: Are the objections of the hon. member to the bill identical to those expressed by the former member for Montmagny-L'Islet?

Mr. Chevrier: There is a Latin maxim which says in *cauda venenum,* that it is in the last part of the question that the sting is to be found. I presume my hon. friend had an ulterior motive when he asked the question. If my hon. friend had listened carefully to what I stated he would have found that I have gone much farther than the hon. member for Bellechasse (Mr. Dorion) in stating that, in my opinion, some parts of this bill are entirely unconstitutional.

(Translation):

Hon. Leon Balcer (Solicitor General): Mr. Speaker, as a member of parliament and a cabinet minister from the province of

Quebec, it gives me pleasure to rise in full support of the bill now before us. The problem of federal aid to universities is one that has been troubling public opinion in the province of Quebec for many years. It is a difficult problem, and in the last federal election, our party had promised to the people of Quebec that it would find a solution. The Conservative members had made that promise and they have kept it.

The solution was not easy to come by, but I think we have found a good formula, thanks to the co-operation of both the Quebec provincial government and the federal government.

The object of the bill is to enable the people of Quebec to receive their share of the millions of dollars raised by Ottawa to help the universities of the province.

The formula put forward by the former government was unacceptable and had been rejected not only by the government of the province of Quebec and by the Quebec universities, but also by the people themselves.

Such a piece of legislation, Mr. Speaker, which had the effect of isolating Quebec, was of course unsatisfactory and even harmful to national unity.

Mr. Bourget: Listen to the way he says that.

Mr. Balcer: It is obvious that Canada's universities play a vital role in the orientation of the free world, for the countries that form it are more than ever in need of elites, thinkers, scientists, intellectuals, economists, to help them find their way through the obstacles and ambushes which present international developments put in their path.

Never before have universities of all countries of the free world, and more specifically Canadian universities, been in greater need of financial assistance to carry on their task.

Up to that point, I do not hesitate to say that the Liberals themselves had understood, at the time, the serious problem which educators had to face. But, unfortunately, the previous government had come to the conclusion that it could settle all problems without due regard for the historical and political realities of our country, that is, the rights and duties of all concerned, or the fact that the province of Quebec is not a province like the others.

It goes without saying—

Mr. Boulanger: There is no unanimity on that point.

Mr. Balcer: —that if there had not been, in 1867, a province where a very large majority of the inhabitants were of French origin, it would not have been necessary to spell out, in the British North America Act, that there were any French rights in Canada; it would not have been necessary to say that the Canadian parliament, that the federal courts should be bilingual, as well as the legislative assembly of the province of Quebec; but it was recognized, a priori, that the province of Quebec was not, from the very start, a province like the others.

Besides, why should we have entrusted to provincial governments the exclusive power of looking after education, if the educational system had been the same in all the provinces which were to become members of the confederation?

Nobody will dare deny that the British North America Act, pact or contract, is a modus vivendi between French-speaking Canadians and English-speaking Canadians.

One has only to read the text of the constitution to realize that the fathers of confederation wanted the province of Quebec to be different from the others, with, for instance, its fixed provincial constituencies where English-speaking voters were in the majority at the time.

In their formula, the Liberals had overlooked historical facts, so vivid in the province of Quebec, with the result that even if English-speaking provinces could obtain the millions collected by Ottawa to provide assistance to universities, the people of Quebec were being taxed like all the others while its universities were compelled to turn down the largesses of the federal government.

People outside the French province, wondered when they found that, year after year, Quebec leaders were turning down federal grants. Our opponents went so far as to describe that attitude as "segregationism" but it was the Liberals, with their anti-constitutional formula, who applied a policy of intellectual segregation with regard to Quebec.

I would even say that they are responsible for the little anti-Quebec outbreak of the hon. member for Port Arthur (Mr. Fisher) who, after all, only repeated in 1960 what the Liberals, for the last four years of their regime, had been saying to anybody who

would listen. At the time when the university grants bill was introduced, the Liberals had come to believe that every evil which fell upon this country could only be blamed on the Quebec voters. At that time the Liberals did not dare to launch a straightforward attack against the hon. Mr. Duplessis and his autonomist policies. They relieved their feelings by attacking the province of Quebec of which Mr. Duplessis obviously had become the living symbol.

To stand well with the federal ministers from Quebec, it was necessary at the time to miss no opportunity to refer with pity or disdain to the backward French province which, it was claimed, was keeping to itself; where it was said people did not understand the general progress of Canada; where people allegedly refused to keep abreast of other Canadians. It was then that there was launched the famous formula from very high quarters and without the slightest provocation, after all the province of Quebec is a province like all the others.

Therefore, the hon. member for Port Arthur, who knows nothing about Quebec, only repeated in his own words, in 1960, what government members said in Ottawa in 1955. That attitude of national disunity and misunderstanding on the part of some Canadians with regard to the others, may, in all fairness, scarcely be blamed on the C.C.F., which has never taken root in Quebec—unlike the Liberals who were maintained in power for 22 years thanks to that province.

I insist on the fact that our universities were and still are in need of money, and Quebec universities as much and maybe more than those of other provinces. However, the Liberals' method of offering that money as grants from Ottawa was definitely unacceptable to Quebec. Indeed, the procedure imposed, and not merely suggested, by the Liberal party, was both a mistake and a danger to national unity.

The fact that it seemed adequate in nine out of ten provinces did not make it more acceptable in the French province. That is why it was unanimously rejected by the government, the universities and the population of Quebec, while the taxpayers in that province were nevertheless compelled to pay taxes for the benefit of all Canadians but themselves, despite the well-established principle "no taxation without representation".

Under the present arrangement, we want all Canadians, whatever their racial origin or their creed, to start off with equal opportunities. Our primary object is to offer all men and women in this country equal opportunity of winning university degrees enabling them to hold their own in the Canadian nation of tomorrow.

The present Prime Minister (Mr. Diefenbaker) was the first Canadian government leader to maintain that the French language and the culture that goes with it, are part of the basic liberties which are worth upholding, and this could never be accomplished so long as Quebec universities were compelled to exist under distressed abstention. That is why we have sought to develop a formula making for a fair treatment of both the taxpayers and the institutions of higher learning of Quebec. Consequently, this bill represents an arrangement based on the Canadian economic situation and the history background of the oldest Canadian province.

We realize that the population of the nine other provinces is satisfied with the system which has been in force up to now, but we offer an alternative, a realistic compromise allowing a province such as the province of Quebec, to grant to its university population the benefits which it was forced to refuse because of its scrupulous respect for the constitution and for autonomy.

An interesting feature of this alternative is that it is offered to any province which, of its own free will, wishes to avail itself of the new formula. Up to now, the province of Quebec has been the only one to do so, but any other Canadian province may act likewise if it sees some advantage in such a course of action.

Certainly, I do not suggest that the formula was easy to find or that we did not have many difficulties to overcome. But due to the good offices of the Minister of Finance (Mr. Fleming) and to the good will of the Quebec premiers, we have succeeded.

At this point, I wish to pay a tribute to Messrs. Duplessis, Sauve and Barrette.

I know that during the debate on the resolution, the opposition spokesmen tried to suggest that one thing, and one thing only, barred the way to an earlier settlement: Mr. Duplessis' uncompromising attitude for all that concerned, directly or indirectly, the constitution of Canada.

Well, I remind the house with pleasure that the initial negotiations for the settlement of this question were entered into with

the hon. Mr. Duplessis. I do not want to lessen the extraordinary talent of Hon. Paul Sauve, whose very short term in office gave rise to so many hopes that are now becoming a reality. But I might say that Mr. Sauve, throughout his discussions with the federal government about the problem of aid to the universities of the province of Quebec, always stated that he was following in the steps of his predecessor whose thought he was only taking up again.

Last July, I personally had an opportunity to discuss with Premier Duplessis various propositions for the purpose of coming to an agreement.

A few days before his death, Mr. Duplessis stated that he would be in a position to submit, in October, a positive proposition to the ministers in Ottawa. It was the Hon. Paul Sauve who submitted that positive proposition. Federal ministers discussed it with Mr. Sauve and, at the time of his tragic death, only a few details remained to be worked out, which was done during a private interview between Mr. Antonio Barrette, Mr. Sauve's successor, and the Minister of Finance, sponsor of the bill which is now before us.

Therefore, we had claimed, under the Liberal administration, that it was possible to settle this problem in a constitutional way and to the satisfaction of the premiers of all the provinces. We have kept our word admirably, because Premier Barrette himself believes that this bill is consistent with the terms of Mr. Duplessis' proposal, which was submitted again by Mr. Sauve, and later by Mr. Barrette himself.

That solution was made possible through an increase in the provincial tax on corporations, deductible from the federal tax. Now the fact is that we were the promoters of the "deductibility" formula at the 1954 Conservative convention held in Ottawa. I remember defending the deductibility formula in the House of Commons, on April 26, 1954, when I replied to the arguments of the then minister of northern affairs and national resources, now leader of the Liberal opposition in Quebec, Mr. Jean Lesage.

The applause is rather muffled.

And those who would like to know exactly what was being claimed by the then Liberal minister, now disguised as a prophet of autonomy, and by the newborn infant of provincial autonomy, the hon. member for Laurier (Mr. Chevrier), can read two enlightening articles by Mr. Clement Brown, in *Le Devoir* of Friday and Saturday last. *Le Devoir's* parliamentary correspondent reports fully, word for word, the very terms in which Mr. Lesage objected to the deductibility of provincial income tax from federal income tax.

I am not afraid to say, as a federal minister, that this bill is the best possible way of solving the crisis for which the Liberals were responsible in the first instance. It is a formula which allows the province of Quebec to recover its place at the forefront of the provinces that form the confederation. It allows the universities of Quebec to develop and prosper like all institutions of higher learning in the other provinces of Canada.

If we now go back to twenty five years ago, we realize that, between 1936 and 1960, the old province of Quebec has developed more than it did between the time of the discovery of Canada and 1936. Thanks to Mr. Duplessis' energetic and bold policy, it has become a great provincial state and an industrial giant.

Messrs. Sauve and Barrette took over from their predecessor and, in less than a year, gave the province of Quebec a new trend, under the impetus of their personal leadership. That is why the provincial session which has just come to a close in Quebec city, will go down in history as the session of education.

The new leader of the Union Nationale has managed to come to an agreement with Ottawa and to obtain from our government the share which, by right, belonged to the universities of Quebec. The hon. Mr. Barrette introduced three bills in the Quebec legislature, one to recover the money accumulating in the coffers of the conference of universities, the second to increase provincial grants to Quebec universities, and the third to raise the income tax of business concerns to provide funds for education in Quebec.

The object of this bill is to make that tax deductible from federal tax, so that the people of Quebec will not have to pay more for the same services than is paid by the people of Ontario or of other provinces.

(Text):

Mr. Fisher: Mr. Speaker, I rise on a point of order. I wanted to ask you if you would

take note of citation 144 of Beauchesne's Parliamentary Rules and Forms which states:

144. It is a rule in both houses of parliament that a member must address the house orally, and not read from a written, previously prepared speech—

Some hon. Members: Oh, oh.

Mr. Johnson: Why did not the hon. member object when the hon. member for Laurier was speaking?

Mr. Fisher: The challenge has been thrown out by a question asking why I did not object when the hon. member for Laurier was speaking. I quite agree that I should have done so. It seems to me that both these hon. members, who are veteran members of the House of Commons, are breaking this rule. I just wanted to draw that matter to the attention of the house.

Mr. Ricard: He is just following his notes.

Mr. Balcer: Mr. Speaker, I think the hon. member for Port Arthur (Mr. Fisher) should read his speeches once in a while and that, if he did so, he would make fewer mistakes.

Mr. Fisher: On the point of order, may I say that that statement is nothing more than a bare-faced admission that the hon. member is reading his speech rather than consulting his notes. If that is the case it seems to me, Mr. Speaker, that you should rule that he should not read his speech.

Mr. Deputy Speaker: I think the rule is quite clear that hon. members should not read their speeches. They are, of course, entitled to consult their notes. I know that the rule has not been very strictly applied generally but I would ask all hon. members on all sides of the house to remember that this rule still exists.

Mr. Pickersgill: After all, it is his maiden speech.

Mr. Balcer: The maiden speech of the hon. member for Laurier.

(Translation):

The purpose of this bill, Mr. Speaker, is to make the Liberal legislation on aid to Canadian universities legal under the Canadian constitution.

In future, the province of Quebec will be spending $175 million to help education in the province. Had he done nothing else, Mr. Barrette would go down in history as a very great premier—

An hon. Member: Since confederation.

Mr. Balcer: I am happy and proud, as a Conservative cabinet minister and as a member from Quebec, to be able to say we have contributed to this worthy cause by finding a solution to the problem of financial aid to universities. We have thus carried out an election promise, and more important, we have rectified a grievous injustice.

(Text):

Mr. Pickersgill: Mr. Speaker, I wonder if the minister will permit a question?

Mr. Balcer: Yes.

Mr. Pickersgill: Did I correctly understand the minister to say—I was following him quite closely—that the Liberal formula for aid to universities was unconstitutional, or "anti-constitutionale", I think the word was? If the minister said that, how does he justify belonging to a government which is continuing the same formula in this bill which is now before the house?

Mr. Balcer: Mr. Speaker, any legislation which finds its place in only nine provinces out of ten and is not acceptable to the tenth province leaves a very grave doubt as to its constitutionality. But by this new bill moved by the Minister of Finance (Mr. Fleming) we make it possible for every province in Canada to benefit from federal legislation. I know that in the other provinces people were considering this legislation as being constitutional, but in the province of Quebec not only the government but the people of the province have always regarded it as unconstitutional. When we took power we were faced with the facts and we decided to try to find a solution to this problem. It took us a certain time but I think we have come forward with a splendid solution.

(Translation):

Mr. Chevrier: Would the minister allow me a question?

Why did he not vote against grants to universities in 1951 and 1957?

Mr. Balcer: Mr. Speaker, I do not remember about 1951, but I recall having been the only member to vote against them in 1957.

Mr. Chevrier: In view of what you have just said, why did you not vote against grants to universities in 1951?

Mr. Balcer: My recollection is not too good. I think I was not in the house at the time.

Mr. Chevrier: I have here *Hansard* for 1951 and 1957.

(Text):

Mr. Pearson: May I ask the minister a question. Is he now putting forward a new constitutional doctrine—

Mr. Deputy Speaker: Order. I think this is turning into an exchange which will—

Mr. Balcer: I think the Leader of the Opposition is asking me a question.

Mr. Pearson: Yes. I would like to ask if the minister is now putting forward a new constitutional doctrine, the divisibility of the constitution?

Mr. Balcer: The legislation is not bringing forward divisibility of the constitution. We are proposing an alternative which is available to any provincial government which will be applicable all across Canada. The Liberal legislation was made applicable only to nine provinces out of ten.

(Translation):

Mr. Adrien Meunier (Papineau): Mr. Speaker, I would have liked the Sollicitor General (Mr. Balcer) to delve a little more into the subject matter of the bill, to comment upon it, and to examine the various clauses, and then to tell us what he thinks of them, instead of limiting himself to generalities, as he did. I want to point out some statements he made. He told us that the university problem was difficult to solve; that we had an indefensible policy; and that the university crisis was due to the Liberals.

Can the Solicitor General tell me if, from 1952 to 1957, any move was made or any action taken by the government of the province of Quebec towards the settlement of this university issue.

Mr. Balcer: And what about you?

Mr. Meunier: It has always been said and it was brought up at the resolution stage, that the Liberals had closed the door to any discussions; that they had not entered into discussions with Quebec leaders and that Quebec had not smiled at them. Besides, it was claimed that the Union Nationale government had opened discussions to settle that matter of universities only last year when Mr. Sauve came to Ottawa. It seems to me that in order to settle any problem, ordinarily two sides—two governments in this instance—must be satisfied, and some basis of agreement must be found. If no talks are held, if everyone refuses to budge, no problem will ever be settled. Now, in this case, the money was here in Ottawa, and it was up to the Quebec government to take the lead and ask the Ottawa government to settle the problem. Finally, it was settled, but in a haphazard way, as I will show in the course of my remarks. A settlement is proposed, but what type of settlement?

Mr. Ricard: That is under a Conservative government.

Mr. Meunier: I would have liked the Solicitor General to say a word about the bill and to tell us what he thinks about it. The purpose of the bill submitted to us is twofold. First, we are asked to extend for two years the rental of the provincial share of income tax; then, the bill provides an arrangement between Canada and the provinces for the sharing of corporation income tax with regard to federal government grants to universities.

I want to deal with this latter proposal, Mr. Speaker, because this proposed amendment is something new in this bill. At the resolution stage of this bill, several members spoke feelingly of autonomy or rather told us that the field of education belongs to the provinces. We all know that, Mr. Speaker, and besides, it is guaranteed by the constitution.

Others told us with deep emotion about the furrow of education in Quebec that the late premier had ploughed, a furrow that had been dug by someone else.

I agree, Mr. Speaker, that this cannot be made a matter of sentiment. It is a problem of common concern to the federal government and to the provinces. We have to face it as a whole, and know what it is all about.

This bill offers the provinces to take 1 per cent on corporation taxes and to subsidize their universities at the rate of $1.50 per capita out of the tax proceeds. If, however, the amount thus collected at the rate of $1.50 per capita is in excess of that allowed and worked out by the federal government, the surplus collected by the province shall be deducted from equalization payments.

Where the amount collected by a province is less than $1.50 per capita, the federal government will make up the difference.

However, for this agreement to come into effect and to become law, it is necessary, as mentioned in section 9a, paragraph (b), subparagraph ii, of the act that,

> satisfactory arrangements exist in the opinion of the minister for the payment by the province directly to institutions of higher learning in the province, of amounts by way of grants.

It is therefore essential, under that act, that money collected from corporations by

the province be affected to universities, and the federal government grants this permission on the understanding that this obligation will actually be fulfilled.

It follows, therefore, that if the minister is not satisfied with the use made of the moneys collected from corporations, he may withdraw the offer he makes under this act, and resume his taxation power over corporations.

In the final analysis, the federal government decides, when a provincial tax is decreed, what its rate will be, what provincial purpose it will serve and what it will yield to the provincial treasury.

Those conditions, Mr. Speaker, are onerous and are an encroachment on the autonomy of the provinces.

The formula we are being asked to approve is different from the old formula proposed by the government of Mr. St. Laurent and which was deemed unacceptable.

Under the previous formula, the universities were free to accept unconditionally the grants which were offered to them and to spend the money as they liked.

The formula of the St. Laurent government merely gave a definition of a university under the terms of the act, in order to limit the institutions which were to receive those grants. Indeed had the word "university" not been defined, some institutions or schools would have claimed their rights to those grants and we should have had confusion and imbroglios.

I want to rectify an article published in *Le Devoir* of April 9, 1960, under the signature of its correspondent, Mr. Brown, in which the latter stated that under the formula submitted by the St. Laurent government the minister of finance was "the ultimate judge with regard to grants, in that he was given the tremendous power of defining university education, universities, etc.," and there the author of the article stops, without going any further.

I have to tell that correspondent that his statement was false and inaccurate, because the formula submitted by the St. Laurent government did not at all define university education.

I have here before me the agreement concluded in 1957, between the then minister of finance (Mr. Harris) and the national conference of universities, and paragraph 8 gives a definition of the words "population", "province", "student", "university", "university degree", "university level", but there is no definition whatsoever of the expression "university education".

Since that agreement was renewed in January 1960, between the present Minister of Finance and the Canadian universities foundation, the same definition of the words "population", "student", "university", "university degree", "university level", can be found under paragraph 13, but there is not a single word tending to define the expression "university education".

Some of the terms used in the 1957 convention have been renewed in the 1960 agreement, which was signed by the present Minister of Finance.

I wonder if the correspondent of *Le Devoir* wanted to mislead his readers or whether he thought they knew nothing about this, but I can tell him, without having reached the degree of intelligence and superiority which he assumes for himself, that we are able to read a text, that we know the definition of certain words, and that we can tell an insect from an animal.

Mr. Pigeon: This is rather far fetched.

Mr. Denis: That is understood.

Mr. Meunier: I must say the present Prime Minister, and the Minister of Finance have been logical; that they have never attacked the constitutionality of the law; that they never claimed that it encroached upon provincial laws.

The hon. member for Laurier (Mr. Chevrier) quoted the words spoken by the Minister of Finance in the house, in 1958, as reported in *Hansard*. I should like to repeat what the hon. member for Laurier said, but since the time at my disposal is limited, I will merely say that the hon. member for Laurier was repeating the very words spoken by the Minister of Finance, in 1958.

Here is what he actually said in 1960:

> As long as this government directs the destinies of this country, it will never interfere in the field of education, which comes under provincial jurisdiction.

That has always been his position, frank and clear. We knew where we stood.

But, considering his attitude today, we can well wonder whether the Minister of Finance has not changed his mind. Does he not see in his bill some interference on the part of his government in the provincial field?

The Solicitor General (Mr. Balcer) has told us about the needs of universities—we

know all about those needs—and he has told us about the unacceptable formula submitted at the time of the Liberal regime, but to which, however, no counter proposal was ever made. He also referred to the crisis brought about by the Liberals. But I wonder whether it would not have been better for him to tell us about this bill and to tell us what he thinks about it. I also ask the other Quebec ministers, including the Minister of Mines and Technical Surveys (Mr. Comtois) whom I see in his seat, and the Associate Minister of National Defence (Mr. Sevigny) whether they consider that the St. Laurent formula worked against provincial autonomy? Is the present formula not more dangerous?

Mr. Bourget: That is an invitation.

Mr. Denis: The ministers do not speak with one voice.

Mr. Meunier: The other point I wish to raise, and which I mentioned in fact at the outset of my remarks is that the excess amount collected by the province which chooses to exercise its option of collecting 1 per cent of the corporation tax will be deducted from the equalization payments to the province.

In other words, the province will become a tax collector for the federal government. The federal government says to the provinces: I authorize you to collect this tax, I order you to use it in such a way, and if you collect more than the amount agreed between us, you will return the balance to me in one form or another.

I would have liked the Solicitor General to discuss that aspect of the bill and tell us his views on the matter.

The hon. member for Laurier, a moment ago, quoted judgments from the supreme court of which I have a copy here. I shall refrain from going back over that, because I do not want to take up too much of the house's time. However, under the constitution, the provinces have the right to raise direct taxes for provincial purposes and to spend them as directed by the legislature. This also holds true for the federal government, which can raise any tax for its own purposes and spend the proceeds as directed by parliament.

That question has been settled by our courts and I shall not refer to it again.

The hon. member for Laurier quoted the judgment of Mr. Justice Estey—and Mr. Justice Taschereau and Mr. Justice Kerwin share that opinion—to the effect that no province nor the federal government may become each other's collection agency.

On the basis of that judgment of the supreme court, if a province cannot transfer its powers of taxation to the central government, it follows by implication that it cannot take orders or enter into any agreement limiting its powers, because in so doing it is surrendering part of its prerogatives.

That would seem to us a breach of section 92 of the constitution which provides that the central government has no right to direct taxation money levied for provincial purposes.

In fact, such tax levied for provincial purposes belongs exclusively to the provinces.

It was said that this bill is an improvement on the old formula and is a step in the right direction; I do not agree. On the contrary, I suggest the bill is a flagrant interference by the federal government in provincial affairs and a step, not in the right direction, but a serious and dangerous step backwards.

The provincial government has no right to act as the agent of the federal government to collect a tax, and the latter has no right to limit the provincial government in its taxation powers.

We all know that universities need money and particularly those of Quebec who were starving and were longing for the money put aside for them by the conference of universities. They are glad today to recover what belongs to them, but if they are able to do so, it is because a wise and farsighted government, under the leadership of the Right Hon. Mr. St. Laurent, had included a provision allowing those sums to be put aside so that our institutions could collect them when they decided to do so, and this, without any directions on the way to use them.

This bill includes formalities and obligations that I have already mentioned and which make it the worst encroachment on provincial autonomy. If this is the result of the word "autonomy" that we have heard during many years at every turn and in all occasions, that result is quite poor and small. I say that this bill is a bad bargain.

I would like to hear the other ministers from Quebec explain their stand on this matter, since the Solicitor General mentioned it a few moments ago.

I wonder, Mr. Speaker, how the Quebec ministers would be able to justify their stand

in the face of the thesis they defended? They may say that universities today have the money they wanted—and that is true—but I shall answer that they have it at a price they denounced as dangerous, as an infringement of autonomy, not to mention the fact that if they voted in favour of this bill, they will trample under foot all the principles they advocated. If the ministers from Quebec are trying to refloat the Union Nationale by means of that legislation, they have not much to offer to that party. The effect might not be as considerable, nor as efficient as they thought.

Mr. Balcer: Are you trying to refloat Mr. Lesage?

Mr. Meunier: I beg your pardon? Often the desired result is not achieved.

Mr. Johnson: Are you referring to Mr. Lesage?

Mr. Meunier: It often happens, Mr. Speaker, that the desired result is not achieved, they try by every means to make us forget the disastrous policy of the Quebec government, and that is why somebody well known and close to the Prime Minister organized the visit of the premier of Quebec to Toronto, to show the people of that city that the Union Nationale party is not as noxious as it has been said or described to be.

Mr. Speaker, I shall vote for the maintenance of the payment of 13 per cent of the income tax to the provinces; but, with regard to the option offered the provinces in respect of university grants, I cannot accept it in its present form, and it should be modified so as to safeguard provincial autonomy. Autonomy is a big word which has been preached and the meaning of which has been developed over the years. I cannot vote in favour of this bill, in its present form, because it is dangerous and far-reaching, and because it affects provincial autonomy in a most serious way.

Mr. Pigeon: May I ask the hon. member for Papineau a question?

Mr. Meunier: Surely.

Mr. Pigeon: Does the hon. member share the views of Mr. Lesage? And what does "totonomy" eat in winter?

Mr. Meunier: I believe in autonomy. I shall answer you right away. You are asking me what "totonomy" eats; now I don't know about that—

Mr. Pigeon: It is going to eat up Lesage.

Mr. Meunier: One moment, please. You asked me a question and you would like me to answer it. What does "totonomy" eat in winter? I have not the slightest idea what "totonomy" eats but I know that at this time and as a result of Union Nationale "totonomy" there are in Quebec some 200,000 unemployed, and in Montreal alone 80,000. If the province of Quebec had all the money owed to it by the federal government and that it did not receive because of that "totonomy", well, there would be less unemployment in Quebec.

[Mr. Meunier.]

Mr. Robert Lafreniere (Quebec-Montmorency): Mr. Speaker, on this matter, several interesting speeches were delivered by talented speakers from both sides of the house. I must say, however, that interest does not necessarily mean truth. For many reasons, I should like today, on behalf of the electors of the constituency I represent, to express my views on this Bill C-56, concerning education.

One of those reasons, Mr. Speaker, is the fact that I represent a constituency where is located one of the finest institutions of higher learning in Canada, Laval University of Quebec city.

Mr. Speaker, do not fear that in saying this, I am having an embarrassing superiority complex, but be assured that I feel a deep and legitimate pride. Besides, I know that other fine universities exist in Canada, and to name but one, I will mention the University of British Columbia, which I visited about a fortnight ago with the hon. member for Vancouver-Burrard (Mr. Taylor). All Canadians must also be proud of that university, especially western Canadians, because it is an institution dating from the second half of the nineteenth century and which has known, ever since, a continuous, glorious and successful development.

Mr. Speaker, I do not think it is necessary to stress any further the idea that education is, beyond any doubt, a provincial responsibility. The present government, through the voice of several of its ministers, time and again has clearly expressed its opinion on the matter, and the provincial authorities, at least in principle, have given their agreement. There is no doubt also, in my humble opinion, that the fathers of confederation were thinking of the universities when they put education under provincial jurisdiction, since several subsidized universities already existed at that time.

Besides, the term "education", to use philosophical language has an intention that goes much beyond what we call instruction, and applies to the whole training process

leading to information and physical and moral formation of the individual. How then could we limit the term education when referring to university grants, and apply it only to primary and secondary schools?

In other words, Mr. Speaker, the term education, as it is used in the confederation act, applies, in my opinion, to university education, and the Liberal government should have taken that theory into account, when it set up the university grant system. Be that as it may, I will limit my remarks to the principle of the bill we are now considering.

Under this bill, the provinces would have an opportunity to pay the grants themselves by raising their own corporation tax. In my humble view, an important aspect of this legislation is the Conservative government's care to abide by the 1867 confederation pact by handing back to the provinces the possibility of raising the taxes required to meet the needs of universities through the deduction of a provincial tax from the federal tax.

Mr. Speaker, probably a number of Liberals will find weaknesses in this formula, but it is acceptable. Furthermore, it must be pointed out that we are repairing an old building which had been badly put together in the first place. The legislation is fantastic, to borrow an expression from the hon. member for Laurier (Mr. Chevrier), but it is legislation that it is long overdue.

In short, the true situation is not as described by the hon. member for Papineau (Mr. Meunier) who said that the provincial government will be the agent of the federal government. After all, what has the provincial government done, or rather, what has the federal government said? It has said: I give you the right to raise taxes. What has happened in fact is that the government of the province of Quebec, at least, has raised a tax and, for the first time in 25 years, the federal government has withdrawn from that field of taxation so as to abide by the spirit of the Canadian constitution.

What is surprising in all the discussions about this matter is the obvious about-face of certain Liberal authorities. Just to prove it, I should like to recall certain statements made by Mr. Jean Lesage, which are quoted in part by Clement Brown in an article which appeared in *Le Devoir* for April 23, 1960. I quote:

> In his speech of April 14, 1954, Mr. Jean Lesage described as consistent with the constitution "the distribution among the provinces of taxation revenues... by parliament". He quoted a few figures in support of his view.
>
> However, Mr. Lesage added: "I think that nobody will deny that, in order to maintain our system of government, every level of government must have the financial resources it needs to fulfil its constitutional obligations".
>
> The Liberal leader then went on to say that in the absence of federal grants, certain have not provinces would not be able to meet their needs.
>
> With regard to the tax legislation on personal incomes enacted by the Duplessis government, Mr. Lesage made the following distinction: (1) first, there is the tax legislation itself, and Quebec is entitled to enact it; (2) then there is the matter of the federal deduction of the new provincial tax, something to which Ottawa cannot agree.

Speaking to the Minister of Finance, the Leader of the Opposition (Mr. Pearson) said, as reported at page 4726 of *Hansard* of September 6, 1958:

> When he says they would welcome a formula which would make it possible for Quebec to accept this kind of assistance, I can assure him that when we were in office certainly we would have welcomed any formula which would have made that possible; indeed, we certainly sought such a formula.

May I add, Mr. Speaker, that I was surprised to hear another Liberal voice, that of the hon. member for Gatineau (Mr. Leduc) say the words we find at page 2816 of *Hansard* of April 1, 1960:

> It is my understanding that only the tax collector is changed, and nothing else.

Would the hon. member deny or consider only very lightly the theory of Sir Wilfrid Laurier who said "it does not make sense that a government should collect the revenues while another spends them".

Why, Mr. Speaker, would the hon. member not repeat also the theory of his former colleague, Mr. Lesage, that "to maintain our system of government, each level must have the financial resources it needs to fulfil its constitutional obligations?" I will repeat, Mr. Speaker, that in the principles and in practical application, the Conservative government has always been and is still the best safeguard of the rights of the provinces and may I add that this bill will benefit all the provinces which will want to take advantage of it.

I would not want to let this opportunity go by without, as a member from the province of Quebec, putting the record straight following the very unfair remarks made by the hon. member for St. Jean-Iberville-Napierville (Mr. Dupuis) on April 1, 1960 and which we find at page 2831 of *Hansard*. I quote:

> I cannot help remembering all the years we lost, when our young people might have enjoyed a university education which was refused them, under the pretext of protecting a sham autonomy.

Would this mean, Mr. Speaker, that for having refused the federal grants to universities, the provincial government failed to fulfill its obligations towards our universities? It is not quite the testimony of a former rector of Laval University, which I find in *L'Evénement Journal*, of Friday June 13, 1958. Here is what Msgr. Ferdinand Vandry, vice-rector of Laval University, said at that time:

> "It is a mistake", said Msgr. Vandry, "for the press to make so much out of the federal government's

grants to Canadian universities, and a mistake to contend that we should accept those grants. Those grants amount to almost nothing compared to what we get from the provincial government, which, thanks to the broadmindedness and understanding of Mr. Duplessis, has made Laval what it is today."

And Msgr. Vandry goes on to say: "I have been the rector of this university for nine years, and I am now in a position to state that over a period of ten years the provincial government has given Laval University a total of $22,000,000. I think that those are things that should be said, because we must say them. The initiator of the 'Cite Universitaire', Msgr. Vandry added, is actually and truly Mr. Duplessis himself."

(Text):

PRIVATE BILLS

Mr. Speaker: It being five o'clock, the house will now proceed to the consideration of private and public bills, the former having precedence pursuant to section 3 of standing order 15.

Mr. McCleave: Mr. Speaker, before the orders are called, may I have the unanimous consent of the house to revert to motions?

Mr. Speaker: Does the house give the hon. member for Halifax unanimous consent to revert to motions?

Some hon. Members: Agreed.

AUDREY LOUISE BRYAN SEVIGNY

On the order:

March 4—House again in committee of the whole on Bill SD-18, an act for the relief of Audrey Louise Bryan Sevigny. (Without amendment).
—Mr. McCleave.

Mr. R. J. McCleave (Halifax) moved:

That the order for: "House again in committee of the whole on Bill SD-18, an act for the relief of Audrey Louise Bryan Sevigny" be discharged and that the said bill be referred back to the standing committee on miscellaneous private bills, together with the evidence taken and the papers produced in respect of the said bill before the Senate standing committee on divorce.

Motion agreed to and order discharged.

Mr. Morton: I should like to rise at this time and on behalf of those who are sponsoring bills concerning various corporations once again ask the unanimous consent of the house to deal with certain bills in the following order. There has been a discussion between the various interests concerned and an arrangement worked out which will respect those interests. The suggestion to which I am asking unanimous consent is that we deal, first of all, with items numbered 70, 71, 72, 73, 74, 75, 76, 77 and 78, and item 140 in committee first; then, deal with bills covered by items 230, 249 and 250. They are bills for second reading. Then, we could proceed to deal with the divorce bills for second reading so that they could be referred to the committee. I understand they can be dealt with in bulk all together.

I understand they include the following items, 141 to 180 inclusive; 183 to 229 inclusive; 233 to 248 inclusive; 252 to 275 inclusive and 277 to 284 inclusive. Then, we could revert to the order starting with item 68.

Mr. Speaker: The house has heard the proposal, which requires unanimous consent, to change the order of the items on the order paper. The suggestion is to deal in committee first with items 70 to 78 inclusive and 140, then report those bills and then deal with second readings of non-divorce and divorce bills standing for second reading. I think that is the substance of the suggestion.

Mr. Chevrier: I am not objecting to the procedure, but I wonder if the hon. member would explain what urgency there is for this procedure.

Mr. Morton: A number of companies concerned have intimated that they would like to start business on the first of May. They have their offices set up, but cannot do so until these bills are passed. Unfortunately, since the Senate will not be here they will be late anyway, but this will expedite the situation and, at the same time, it does get some of the divorce bills into committee where they might be dealt with.

Mr. McIlraith: A pretty poor precedent.

Mr. Speaker: Will the house so order, unanimously?

Some hon. Members: Agreed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. S-7, to incorporate United Canada Insurance Company—Mr. Grafftey.

Bill No. S-14, to incorporate Munich Reinsurance Company of Canada—Mr. Webster.

Bill No. S-15, to incorporate the College of General Practice of Canada—Mr. Bissonnette.

CANADIAN REASSURANCE COMPANY

The house in committee on Bill No. S-13 to incorporate Canadian Reassurance Company —Mr. Morton—Mr. Rea in the chair.

On clause 1—*Incorporation.*

Mr. McIlraith: Mr. Chairman, as I understand this bill, this company is almost identical in name with another insurance company called Canadian Reinsurance Company, the only difference being in the one case the word "Reassurance" is used and in the other "Reinsurance" is used. I think this is an objectionable practice and one that ought to be discontinued. I am aware that this is done with the full knowledge of the superintendent of insurance, and I am aware that the

owners of the companies are common owners. Since they are set up as separate corporate entities, however, they need not continue to have a common ownership. There is no obligation in that respect. This is a practice that I think is thoroughly bad and ought to be discouraged. There should be a distinctive name that is not confusing with other company names granted incorporation by this parliament.

There is one other practice that I find objectionable. It is no longer the practice in the incorporation of these companies to clear the names, to find out and report to parliament whether or not the name is objectionable from the point of view of similarity to other companies incorporated by letters patent. This practice was followed for a great number of years where incorporation took place by a special act. It was left, of course, to parliament or the appropriate committee of parliament to deal with it and decide whether or not a charter would be granted regardless of the similarity of names. This information was brought forward for the consideration of the committee concerned with the particular bill or for parliament itself. The discontinuance of that practice is something which, I think, should not be allowed to pass unnoticed.

I have no particular objection to this bill. I am merely seizing the opportunity of raising these two matters which I think are of importance.

Clause agreed to.

Clauses 2 to 8 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. S-17, respecting The National Sanitarium Association.—Mr. Small.

Bill No. S-11, respecting Montreal Life Insurance Company.—Mr. Webster.

Bill No. S-16, to incorporate Matador Pipe Line Company, Ltd.—Mr. Chown.

EASTERN TELEPHONE AND TELEGRAPH COMPANY

The house in committee on Bill No. S-21, respecting Eastern Telephone and Telegraph Company—Mr. MacLellan—Mr. Rea in the chair.

On clause 1—*Capital stock.*

Mr. McIlraith: May I ask the sponsor of this bill what effect, if any, the use of the additional powers granted by this bill will have on this Canadian company earning foreign exchange?

Mr. MacLellan: The purpose of this bill is merely to increase the capitalization of Eastern Telephone and Telegraph Company in connection with building a second line to the continent of Europe for trans-Atlantic messages. The funds have already been advanced by the parent company in the United States of America for the doing of this work. This work is almost completed now.

Mr. McIlraith: My question had to do with the earning of foreign funds by this Canadian company and what, if any, effect this second line would have in increasing the balance of payments or bringing them more in our favour. It seems to me if that could be done, it is an extremely important thing. Regrettably, any earnings that will be brought into Canada by way of foreign exchange will to a large extent go out to the United States parent of this company and this opportunity of earning foreign exchange has largely been lost.

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

BRITISH COLUMBIA TELEPHONE COMPANY

The house in committee on Bill No. S-20, respecting British Columbia Telephone Company—Mr. Jung—Mr. Rea in the chair.

On clause 1—*Acquisition of shares.*

Mr. McIlraith: This bill was debated at the second reading stage and a good deal of evidence was given concerning it when it was before the standing committee. I am concerned with only one very narrow point and it is this. I must say that the charter of the British Columbia Telephone Company is a somewhat confusing document to understand. I therefore put forward my views with some hesitation. I defy anyone to be very precise and clear in his opinion of the exact legal position of that company after reading the relevant legislation concerning it.

In any event, it has been stated in debate in all of the three places where this bill was discussed that its immediate purpose was to enable the British Columbia Telephone Company to acquire another company operating in British Columbia, namely Northwest Telephone Company. As far as I am concerned, I have no objection whatever to that procedure. There can be no objection, as I see it, to the purpose of this bill as stated.

The British Columbia Telephone Company charter, as I read it, limits the British Columbia Telephone Company to constructing and operating lines in British Columbia. Then

 BC Telephone Co - acq. of shares

it has some incidental powers to acquire connecting lines going outside the province. But section 9 of the relevant legislation enables it to acquire shares in companies having similar objects. The bill now before us seeks to clarify that section 9 in order to make it clear—because it was not clear formerly—that section 9 enables it to acquire all the shares of any company or to acquire another company by purchase of its shares.

But the difficulty as I see it or the narrow point which concerns me is this. Both the British Columbia Telephone Company and indeed the company it seeks to acquire are largely United States owned corporations. I have no immediate objection to that fact. I recognize the need for foreign capital in this country as well as does anyone else. But by this amendment we are putting this British Columbia company in the position where it can go anywhere throughout the whole of Canada and acquire, through this amended bill, any other telephone companies in Canada.

There are many hundreds of telephone companies in all the other provinces of Canada except the three prairie provinces. It seems to me that a question of principle is involved as to whether or not—with the increased importance of telecommunications, with the developments of the last ten years and particularly their military significance—we are going to enable a foreign-owned and controlled company to acquire other companies and thus establish a network system across this country.

I think it is elementary to point out that our regulatory control of telephone companies—inasmuch as there is any control—is through the board of transport commissioners and the Railway Act. Indeed, the legislation refers to the Railway Act. I of course hold the view that with the changes that have come in this whole field in the post-war years, particularly in the last ten years, it is necessary to have that whole area re-examined or re-appraised and the appropriate changes made in the general legislation on this subject.

Certainly I would ask the government whether or not they have considered the question of principle raised by this amended bill. I should like to have their views. I have put my own views forward with some hesitation on the subject because, as a result of the old draftsmanship—perhaps I had better say that instead of "confusing"—of some of the clauses in the special act incorporating British Columbia Telephone Company there is a considerable degree of obscurity. If I am right in reading the amending bill now before us as enabling this company, which by its own charter is limited to British Columbia, to go into any or all of the other provinces in Canada and buy any other telephone companies and thus establish a national system across this country. I think it is something that the government ought properly to look at. The government has an obligation to the House of Commons to give its views on this point before the bill passes. I have no objection to any other features in the bill; I have just that one narrow point which I think should be considered and dealt with.

[Mr. McIlraith.]

Mr. Jung: Mr. Chairman, I have had the privilege of discussing this point with the hon. member for Ottawa West and I am grateful to him for having discussed this matter again before this committee. In view of what he has said about the complicated nature of the incorporating act, it would be almost an impertinence for a junior counsel like myself to dispute anything said by the hon. member who is a very eminent counsel. But because of the discussions that I have had with the hon. member for Ottawa West I took the opportunity of discussing this matter not only with the parliamentary agent of the company but also with the officials of the company itself.

I have been assured by the parliamentary agent that the question of the proposed expansion does not derogate in the slightest from the original principle of the incorporating act, and the original principle is not being altered by the bill. If it may satisfy the hon. member, I have a telegram which I received from the British Columbia Telephone Company which reads as follows:

> Douglas Jung, M.P., Parliament Bldgs., Ottawa, Ont.
>
> The company has no intention of enlarging its operations beyond the powers which it presently holds. It does however propose to extend northward into the Yukon to Alaska.
>
> British Columbia Telephone Co.

I think there was no withholding of information. The company frankly and honestly answered all questions put to it in the standing committee. It noted that it wished to take over the operations of the Northwest Telephone Company, and I think it would be a physical impossibility at this time for the company to come east and take over any or all of the 4,500 other telephone companies now in operation in Canada. From my discussions with the hon. member for Ottawa West I think he is more concerned with the rapid changes in communication and the fact that our legislation has not kept pace with this aspect. I think the hon. member has taken this opportunity to put his views on the record and I agree with him. It may be that in time we may have to set up a different board of control to look into communications, but for the purposes of this bill

we must limit our discussion to the clause under discussion and I hope that what I have said this afternoon will satisfy the hon. member for Ottawa West.

Mr. Macdonnell: May we be informed whether this question raised by the hon. member for Ottawa West was discussed in the committee and if they were satisfied, or was there this sort of sketchy discussion which we have had now?

Mr. McIlraith: I am not on the standing committee, Mr. Chairman.

I thank the hon. member for Vancouver Centre for his courteous references, and I want to make it very clear that I think the company declared their intentions quite clearly before the committee. I think the proponents of the bill in this house and the other place also declared the intentions of the company quite clearly, and I think no question can be raised about that. I really wish to raise only the one question as to the wisdom of this parliament granting this kind of power when the company coming before parliament is not asking for it and does not intend to use it. It is a power that is very far-reaching and certainly one which ought not to be granted without consideration by the government of the day. I do not know whether the government has considered the point or not. I wish they would. I have no objection at all to what the British Columbia Telephone Company are seeking to do; I merely question the wisdom of parliament granting this power which is contained in the bill now before the committee and which I think goes much further than the power parliament ought to grant without government consideration, particularly when that wide power is not requested by the company.

Mr. O'Hurley: I should like to ask the hon. member for Vancouver Centre if this question was raised in committee and discussed?

Mr. Jung: Yes, Mr. Chairman.

Mr. McIlraith: I am not aware that this question was discussed in committee. I have the committee evidence here but I have been unable to find any discussion about it. However, perhaps it was.

Mr. Jung: I understand that the hon. member for Burnaby-Coquitlam raised the question together with other members of the committee when they expressed the fear that the passing of the amendment would enable the British Columbia Telephone Company to go beyond the telephonic legislation of British Columbia. I think the parliamentary agent at that time dealt with that problem, and from what I have read into the record this afternoon, namely the telegram from the company itself, that possibility is precluded at the present time.

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Jung moved the third reading of the bill.

Mr. G. J. McIlraith (Ottawa West): I do not want to reiterate anything I have said during the committee stage, but if there is no immediate urgency about getting this bill through before Friday I am wondering whether the government will consider looking at the point I raised. I put the point forward with some hesitation, but I do think it is worthy of consideration by the government. If there is no real reason for having the bill given third reading today instead of on Friday, I would ask the government to look at it in the interval.

Mr. Jung: Naturally, I would hesitate about having this bill delayed. I know of no pressing reason why the bill should not be given third reading today in fairness to this company, and I feel the company is entitled to have third reading now. I am sure there will be other opportunities to raise the point which was brought forward by the hon. member for Ottawa West (Mr. McIlraith) and I can assure him that when that happens he will find a strong supporter for his views in myself. However, I ask the hon. member if he would not extend the courtesy to this company of regarding with favour the third reading of this bill now.

Motion agreed to, bill read the third time and passed.

SECOND READINGS

LAURENTIDE FINANCE COMPANY

Mr. Maurice Johnson (Chambly-Rouville) moved the second reading of Bill No. S-22, to incorporate Laurentide Finance Company.

Mr. J. T. Richard (Ottawa East): May we have some explanation of this bill?

(Translation):

Mr. Maurice Johnson (Chambly-Rouville): Mr. Speaker, this bill is being introduced under chapter 251 of the Revised Statutes of Canada, 1952, amended by chapter 46 of the Statutes of Canada, 1956.

It refers also to the Loan Companies Act, chapter 28, which applies almost entirely to this bill.

At present, only four companies are incorporated in this way, three of which are

subsidiaries of American companies and only one being a Canadian company.

All petitioners of this bill are Canadian and the assets of this new company, the Laurentide Finance Company, in French *La Laurentide Compagnie de finance,* are wholly owned by Canadians.

I think the house is justified in passing this bill.

The bill is, of course, drafted as prescribed in the appendix of this act, that is the bill is drafted according to the schedule to chapter 251 of the revised statutes.

(Text):

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

INTERNATIONAL LOAN COMPANY

Mr. Murray Smith (Winnipeg North) moved the second reading of Bill No. S-23, respecting the International Loan Company.

He said: Mr. Speaker, the sole purpose of this bill is to change the name of the International Loan Company to that of the International Savings and Mortgage Corporation.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

ADANAC GENERAL INSURANCE COMPANY OF CANADA

Mr. G. E. Halpenny (London) moved the second reading of Bill No. S-18, to incorporate Adanac General Insurance Company of Canada.

Some hon. Members: Explain.

Mr. Halpenny: Mr. Speaker, Adanac will be a wholly owned subsidiary of the Delta Acceptance Corporation of London. That is a strong company, which also owns the Crescent Finance Corporation which holds a federal small loans licence and operates more or less throughout Canada. Most such companies have their wholly owned insurance subsidiaries and in order that Delta may protect its own investment and the collateral which it is financing it is necessary to have these insurance facilities.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

Mr. Speaker: There are a number of private divorce bills for second reading. Is it the pleasure of the house that they be taken in one motion?

Some hon. Members: Agreed.

[Mr. Halpenny.]

Bill SD-156 for the relief of Dorcina Doris Dubuc Clark.—Mr. McCleave.

Bill SD-157, for the relief of Gerald Healy.—Mr. McCleave.

Bill SD-158, for the relief of Marlene May Myles Robinson.—Mr. McCleave.

Bill SD-159, for the relief of Phyllis Louise Clements Harris.—Mr. McCleave.

Bill SD-160, for the relief of Anne Olivia Sinclair Fuller.—Mr. McCleave.

Bill SD-161, for the relief of Viola Mabel Stead Cole.—Mr. McCleave.

Bill SD-162, for the relief of Patricia Ann Shirley Howell.—Mr. McCleave.

Bill SD-163, for the relief of Lillian Juanita Sheppard Simpson.—Mr. McCleave.

Bill SD-164, for the relief of Ivy Winifred Grace Arthur Birks.—Mr. McCleave.

Bill SD-165, for the relief of Barbara Ruth Aird Barwick.—Mr. McCleave.

Bill SD-166, for the relief of Diane M. L. Turner Hammond.—Mr. McCleave.

Bill SD-167, for the relief of Dorothy Craven Masse Perrett.—Mr. McCleave.

Bill SD-168, for the relief of Helen Landau Shuster.—Mr. McCleave.

Bill SD-169, for the relief of Fagy Litner Selinger.—Mr. McCleave.

Bill SD-170, for the relief of Pearl Shedlack Dubin Birnbaum.—Mr. McCleave.

Bill SD-171, for the relief of Joseph Szczepanski.—Mr. McCleave.

Bill SD-172, for the relief of Magdalena Beata Landau Weissler.—Mr. McCleave.

Bill SD-173, for the relief of Frantisek Sladek.—Mr. McCleave.

Bill SD-174, for the relief of Kathleen Beatrice Title Levy.—Mr. McCleave.

Bill SD-175, for the relief of Helen Caroline Coleman Lewchuk.—Mr. McCleave.

Bill SD-176, for the relief of Marie Paule Andree Mercier Rowney.—Mr. McCleave.

Bill SD-177, for the relief of Alexander Leslie Mittler.—Mr. McCleave.

Bill SD-178, for the relief of Beatrice Jean Madsen Rockburn.—Mr. McCleave.

Bill SD-179, for the relief of Emma Strachan MacInnes Creery.—Mr. McCleave.

Bill SD-180, for the relief of Vira (Vera) Kotyk Marsden.—Mr. McCleave.

Bill SD-181, for the relief of Shashi Kumar Pande.—Mr. McCleave.

Bill SD-182, for the relief of Ethel Georgina Pottle Pallen.—Mr. McCleave.

Bill SD-183, for the relief of Marilyn Shendelman Kagan.—Mr. McCleave.

Bill SD-184, for the relief of Joseph Henri Marcel Vinet.—Mr. McCleave.

Bill SD-185, for the relief of Martha Dammel Reiche Domnauer.—Mr. McCleave.

Bill SD-186, for the relief of June Isabella Adamson Hogan.—Mr. McCleave.

Bill SD-187, for the relief of Wincenty Strzelczyk.—Mr. McCleave.

Bill SD-188, for the relief of Janina Rodzoch Nowak.—Mr. McCleave.

Bill SD-189, for the relief of Margaret Ruth McLellan Kennedy.—Mr. McCleave.

Bill SD-190, for the relief of Hazel Ina McEwing Hickey.—Mr. McCleave.

Bill SD-191, for the relief of Marie Marthe Alberta Ladouceur Parenteau.—Mr. McCleave.

Bill SD-192, for the relief of Olga Gokler Crisan.—Mr. McCleave.

Bill SD-193, for the relief of George Graham Thresh.—Mr. McCleave.

Bill SD-194, for the relief of Joseph Arthur Porcheron.—Mr. McCleave.

Bill SD-195, for the relief of Paul Drolet Massue.—Mr. McCleave.

Bill SD-196, for the relief of David Byrne Kieran.—Mr. McCleave.

Bill SD-197, for the relief of Nina Finkelstein Anshell.—Mr. McCleave.

Bill SD-198, for the relief of Joseph Leo Roger Latendresse.—Mr. McCleave.

Bill SD-199, for the relief of Norma Rosalie Parsons Turgeon.—Mr. McCleave.

Bill SD-200, for the relief of Maria Reichinger Lehnen.—Mr. McCleave.

Bill SD-201, for the relief of Marie Cecile Leda Vezeau Leger.—Mr. McCleave.

Bill SD-202, for the relief of Rose Mary Dubeau Pietrinferno.—Mr. McCleave.

Bill SD-203, for the relief of Daniel Edward Napasney.—Mr. McCleave.

Bill SD-204, for the relief of Pauline Mary Ann Irene Patry Gaudreau.—Mr. McCleave.

Bill SD-205, for the relief of Rose Ella Katherelos Parry.—Mr. McCleave.

Bill SD-206, for the relief of Gwendolyn Marion Mizener Nassif.—Mr. McCleave.

Bill SD-207, for the relief of Joseph Ernest Coutu.—Mr. McCleave.

Bill SD-208, for the relief of Joseph Henri Berube.—Mr. McCleave.

Bill SD-209, for the relief of Maria Hocheder Weber.—Mr. McCleave.

Bill SD-210, for the relief of Sherrill Ordidge Glandsdorp.—Mr. McCleave.

Bill SD-211, for the relief of Bronislaw Kulawik.—Mr. McCleave.

Private Bills—Divorce

Bill SD-212, for the relief of Pauline Sornin Barrett.—Mr. McCleave.

Bill SD-213, for the relief of Sandra Maxine Shoore Shedwasser.—Mr. McCleave.

Bill SD-214, for the relief of Margaret Maclaren Harris.—Mr. McCleave.

Bill SD-215, for the relief of Irmgard Poikonen Horvath.—Mr. McCleave.

Bill SD-216, for the relief of Estelle Labelle Baxter Robertson.—Mr. McCleave.

Bill SD-217, for the relief of Alphonse Yared.—Mr. McCleave.

Bill SD-218, for the relief of Andre Lamothe.—Mr. McCleave.

Bill SD-219, for the relief of Rita Hamel Labranche.—Mr. McCleave.

Bill SD-220, for the relief of Lionel Boucher.—Mr. McCleave.

Bill SD-221, for the relief of Eliza Boudreau Filion.—Mr. McCleave.

Bill SD-222, for the relief of William Leslie Baillie.—Mr. McCleave.

Bill SD-223, for the relief of Pauline Handji Edelstein.—Mr. McCleave.

Bill SD-224, for the relief of Molly Brenda Stein Butterman.—Mr. McCleave.

Bill SD-225, for the relief of Laurette Biron Valade.—Mr. McCleave.

Bill SD-226, for the relief of Viviane Hirsch Montmartin Gadbois.—Mr. McCleave.

Bill SD-227, for the relief of Grace Kara Forshaw.—Mr. McCleave.

Bill SD-228, for the relief of Gloria Helene Stotland Titleman.—Mr McCleave.

Bill SD-229, for the relief of Armand Simeon Lavictoire.—Mr. McCleave.

Bill SD-230, for the relief of Audrey Mary Crosbie Morris.—Mr. McCleave.

Bill SD-231, for the relief of Joyce Tabah Tomy.—Mr. McCleave.

Bill SD-232, for the relief of Ruth Irene Diakur Mendel.—Mr. McCleave.

Bill SD-233, for the relief of Florence Beryl Kellam Weinstein.—Mr. McCleave.

Bill SD-234, for the relief of Marie Esteie Caprari.—Mr. McCleave.

Bill SD-235, for the relief of Olive Bowes Schofield.—Mr. McCleave.

Bill SD-236, for the relief of Jeanne Beauchemin Arpin.—Mr. McCleave.

Bill SD-237, for the relief of Jean Claude Bilodeau.—Mr. McCleave.

Bill SD-238, for the relief of Robert George Butler.—Mr. McCleave.

Bill SD-239, for the relief of Helen Harpes Avon.—Mr. McCleave.

Private Bills—Divorce

Bill SD-240, for the relief of Sonia Slovsky Coppel.—Mr. McCleave.

Bill SD-241, for the relief of Shirley Huberman Schreiber.—Mr. McCleave.

Bill SD-242, for the relief of Paulette Goldberg Slepp.—Mr. McCleave.

Bill SD-243, for the relief of Richard Austin Evans.—Mr. McCleave.

Bill SD-244, for the relief of Marion Mary Treen Frosst.—Mr. McCleave.

Bill SD-245, for the relief of Joyce Mary Whiteman Rogers.—Mr. McCleave.

Bill SD-246, for the relief of Vera Arlene Perry Locke.—Mr. McCleave.

Bill SD-247, for the relief of Beatriki Bourboulis Angelidis.—Mr. McCleave.

Bill SD-248, for the relief of Jessie Margaret Cross Joly.—Mr. McCleave.

Bill SD-249, for the relief of Guy Labrosse.—Mr. McCleave.

Bill SD-250, for the relief of Joyce Agnes Catherine Wilkinson Greenwood.—Mr. McCleave.

Bill SD-251, for the relief of Jacques Cormier.—Mr. McCleave.

Bill SD-252, for the relief of Mary Lorraine Little Copping.—Mr. McCleave.

Bill SD-253, for the relief of Sylvia Trachimovsky Fox.—Mr. McCleave.

Bill SD-254, for the relief of Kathleen Shannon Keene.—Mr. McCleave.

Bill SD-255, for the relief of Jean Elizabeth MacCuaig Vinters.—Mr. McCleave.

Bill SD-256, for the relief of Lucy Sekora Budnik.—Mr. McCleave.

Bill SD-257, for the relief of Joyce Middlehurst Walker.—Mr. McCleave.

Bill SD-258, for the relief of Patricia Shirley Rydberg Menzies.—Mr. McCleave.

Bill SD-259, for the relief of Real Blier.—Mr. McCleave.

Bill SD-260, for the relief of Viola Elsie Ann Johnson Anderson.—Mr. McCleave.

Bill SD-261, for the relief of Margis Wellisch Ruszugar Hancz.—Mr. McCleave.

Bill SD-262, for the relief of Janina Lukaszewicz Soloducha.—Mr. McCleave.

Bill SD-263, for the relief of Arthur Woodbridge Dale.—Mr. McCleave.

Bill SD-264, for the relief of Maria Jacoba Arens Mannens.—Mr. McCleave.

Bill SD-265, for the relief of Gerard Henri Turgeon.—Mr. McCleave.

Bill SD-266, for the relief of Nancy Jane Wyllie Wood Aylwin.—Mr. McCleave.

Bill SD-267, for the relief of Yves Brodeur.—Mr. McCleave.

[Mr. Speaker.]

Bill SD-268, for the relief of James Joseph Sceviour.—Mr. McCleave.

Bill SD-269, for the relief of Leon Zygowski.—Mr. McCleave.

Bill SD-270, for the relief of Neeltje Doruijter Van der Spoel.—Mr. McCleave.

Bill SD-271, for the relief of Paul L'Heureux.—Mr. McCleave.

Bill SD-272, for the relief of Joseph Daniel Bernardin Daigle.—Mr. McCleave.

Bill SD-273, for the relief of Giovanna Intini Mancuso.—Mr. McCleave.

Bill SD-274, for the relief of Eileen Williams Gushue.—Mr. McCleave.

Bill SD-275, for the relief of Jean Eleanor Jackson Connell.—Mr. McCleave.

Bill SD-276, for the relief of George Henry Basil.—Mr. McCleave.

Bill SD-277, for the relief of Eileen Kathleen Astley Craig.—Mr. McCleave.

Bill SD-278, for the relief of Edith Tobat Heinemann.—Mr. McCleave.

Bill SD-279, for the relief of Davis Zave Garmaise.—Mr. McCleave.

Bill SD-280, for the relief of Marie Frederique Raphaelle Mireille Fortier Kingsbury.—Mr. McCleave.

Bill SD-281, for the relief of Franko (Franz) Stapinskyj.—Mr. McCleave.

Bill SD-282, for the relief of Eva Facey Lund.—Mr. McCleave.

Bill SD-283, for the relief of Joan Dunn Ostrosky.—Mr. McCleave.

Bill SD-284, for the relief of Teresa Greco Caputo.—Mr. McCleave.

Bill SD-285, for the relief of William Pinkerton.—Mr. McCleave.

Bill SD-286, for the relief of Frank David Cousens.—Mr. McCleave.

Bill SD-287, for the relief of Denise Baril Sarrazin.—Mr. McCleave.

Bill SD-288, for the relief of Wassily de Krokhaleff.—Mr. McCleave.

Bill SD-289, for the relief of Henriette Rioux Beaupre.—Mr. McCleave.

Bill SD-290, for the relief of Lillian Olive Robertson Reinhold.—Mr. McCleave.

THIRD READING

MARIE RITA DUBE HOULD

Mr. R. J. McCleave (Halifax) moved the third reading of Bill No. SD-38 for the relief of Marie Rita Dube Hould.

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to remind the house of two points in this case which require clarification. The first relates to two photographs used in identifying one of the individuals involved,

one photograph which was used by the investigators in attempting to establish adultery and a different one used in committee with no indication as to whether there was any similarity between the two photographs. The second point relates to a conflict of evidence between the two investigators, one of whom said that they kept a hotel room on the ninth floor of a Montreal hotel under observation for approximately two and one half hours and the other of whom said they came down into the lobby. I believe the miscellaneous private bills committee should investigate and ensure that the evidence was properly given.

I therefore move, seconded by the hon. member for Timiskaming (Mr. Peters):

That Bill No. SD-38 be not now read a third time but that it be referred back to the miscellaneous private bills committee.

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

YEAS

Messrs:

Argue	Howard
Fisher	Peters—5.
Herridge	

NAYS

Messrs:

Aiken	Hees
Allmark	Hellyer
Barrington	Hicks
Beech	Hodgson
Bell (Carleton)	Horner (Jasper-Edson)
Best	Howe
Browne (Vancouver-Kingsway)	Jones
Brunsden	Jorgenson
Campbell (Lambton-Kent)	Jung
Campbell (Stormont)	Kennedy
Cardiff	Lennard
Carter	MacInnis
Casselman, Mrs.	MacLellan
Cathers	Macnaughton
Chambers	Macquarrie
Charlton	MacRae
Chown	McBain
Churchill	McCleave
Crestohl	McFarlane
Crouse	McGee
Danforth	McGrath
Dinsdale	McGregor
Doucett	McIlraith
Drysdale	Milligan
Fairfield	Mitchell
Fane	Monteith (Perth)
Fraser	Morton
Garland	Nasserden
Grafftey	Nesbitt
Grills	Nielsen
Gundlock	Noble
Hales	Nugent
Halpenny	O'Leary
Hamilton (Notre Dame de Grace)	Pallett
Hamilton (Qu'Appelle)	Payne
Hamilton (York West)	Pearkes
Harkness	Phillips
Smith (Calgary South)	Rapp
Smith (Simcoe North)	Rowe
Smith (Winnipeg North)	Small
Southam	Thompson
Spencer	Thrasher
Stanton	Walker
Starr	Webb
Stinson	Webster
Thomas	Weichel
	Winkler
	Wratten—94.

Mr. Speaker: I declare the motion lost. Does the house give unanimous consent to deal with third readings now?

Some hon. Members: Agreed.

Mr. McCleave moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT

ALTERNATIVE ARRANGEMENTS FOR UNIVERSITY GRANTS—EXTENSION OF INDIVIDUAL INCOME TAX RATE

The house resumed consideration of the motion of Mr. Fleming (Eglinton) for the second reading of Bill No. C-56, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

(Translation):

Mr. Lafreniere: Mr. Speaker, towards the end of this afternoon's discussion on this bill, I had been quoting the testimony of a former rector of Laval University about the generous treatment received by Quebec universities during the period when the provincial government refused to accept federal grants.

To the figures I then mentioned I now wish to add that, since 1945, the Quebec government has paid to universities in my province the substantial amount of $112,036,297.38.

This continuing policy on the part of the government which was then headed by the hon. Mr. Duplessis, is, I feel, adequate proof of the consideration he gave to university education.

Before resuming my seat, I must express my regret with regard to some parts of the speech made in this house on April 1, 1960 by the hon. member for Port Arthur (Mr. Fisher). I am sorry that, because of a lack of information rather than ill intent, the hon. member, when dealing with Canadianism, should have spoken of the existence of a superiority complex in French Canada.

As a matter of fact, I do not see that many provinces, besides Quebec, have shown greater broadmindedness and greater respect for minorities.

No one can fairly claim that French-speaking Canadians have at any time tried to impose their language or their religion on the minorities which have chosen to live in Quebec.

I should like to quote here a page from a speech delivered by the Rev. Father Georges Desjardins, a Jesuit, on the treatments of minorities. Here is what he said in his book entitled: Quebec Schools

Other racial groups, upon settling in Canada, have had to accept the existing legislation. When they arrive in Quebec, immigrants find a confessional and Christian school system, either Catholic or Protestant, which has been officially recognized as such since 1846, but which in fact existed long before that date. They must therefore choose between Catholic or Protestant schools. The Jews have chosen Protestant schools. They are therefore regarded as Protestants for the purposes of distribution, as between Catholic and Protestant school boards, of provincial and municipal grants, and also of the undenominational tax (corporation tax).

The Quebec government has been so generous in the sharing of such grants and taxes that Protestant boards have, from time to time, been favoured to the detriment of Catholic boards which every year lose considerable revenues to which they are entitled. In any event, Jews have received from Catholic Quebec the maximum positive rights they could be granted. Under the tradition of the province, they can also require the authorities of Protestant schools attended by their children to arrange for the latter to receive the religious education to which they are entitled under natural law.

As regards Catholic minorities—Irish, English, Scottish, Italian, Hungarian, Syrian and others—they have always received a very liberal treatment from the Catholic committee on education and from Catholic school boards. None of those minorities pay double tax. All their children are educated at the expense of the Catholic taxpayers, without any racial discrimination.

In support of this, I might quote the words of an English-speaking Protestant, Mr. James Patton, secretary of the Quebec Protestant teachers' association. Here is what he said:

(Text):

We are well treated here. We get our full share of tax money. The Catholics go out of their way to be fair and even generous to us. We are only embarrassed because the Roman Catholic schools in other provinces do not get the same break—

(Translation):

Mr. Speaker, I believe those things should be mentioned in this house so that the province of Quebec may be considered as it should be, that is to say as an asset within the Canadian confederation.

As regards the bill we have been discussing since the beginning of this sitting, I shall merely sum up my views in saying that the present government has agreed to withdraw from a taxation field in which the provincial government can itself levy income which will have to be granted to universities.

Mr. Speaker, I believe that giving the provinces the taxation rights they need to fulfil their purposes is indeed the best way to respect the confederation pact.

May I say, in conclusion that the universities are, so to speak, the cultural yardstick of a people and that both the federal and provincial governments must protect their interests.

However, Mr. Speaker, it is also necessary that our people continue to live in an atmosphere of good understanding and harmony, for the safeguard of the Canadian confederation. The action taken by the present Conservative government is such as to achieve that purpose, and we commend the government for having done so.

Mr. Rodolphe Leduc (Gatineau): Mr. Speaker, I am very glad to have an opportunity to take part in this important debate. Let me say, to begin with, that the grants to Canadian universities were first paid under legislation passed by parliament in 1951.

It was as a result of the report of the Massey commission that all Canadian universities and all Canadian provinces applied for federal assistance as a means of carrying on their work.

Mr. Ricard: It was much before that.

Mr. Leduc: Following the report of the Massey commission, the Liberal government at that time decided to make grants to Canadian universities.

The grant at that time amounted to 50 cents per capita and, in 1951-52, all the universities and every province in Canada accepted those grants.

Since 1952, the province of Quebec, or the universities of the province of Quebec, have not claimed federal grants until a few weeks ago.

In 1956, however, when the Liberal government, headed by the Right Hon. Louis St. Laurent, realized that the province of Quebec was losing millions of dollars every year because of the universities' failure to accept the federal grants, it amended the act by establishing a fund into which the moneys left unclaimed by the universities were deposited, so that the universities might claim them later on.

The attitude of the Liberals on the matter of grants to universities is known throughout Canada. It was stated by Mr. St. Laurent in this house that grants to universities are constitutional. At that time, all the Conservatives in the opposition, those from Quebec as well as those from other provinces,

recognized, as they still do, that grants to universities are no impediment to provincial autonomy in the matter of education.

As for us, our attitude has always been logical. We, Liberals, have always maintained the same attitude since 1951. We have always made grants available to universities, and with no strings attached. Even the Conservative party, since it has been in office, has kept the same formula. The Minister of Finance himself, in his statement a few days ago when he introduced the resolution, said that the formula of grants to universities was constitutional.

However, I know one member, the only one from the province of Quebec, who is of the old guard, the Solicitor General (Mr. Balcer), who made a speech this afternoon.

Mr. Ricard: A magnificent speech.

Mr. Leduc: A speech which my friend says was magnificent.

Mr. Ricard: As compared to yours.

Mr. Leduc: But time will tell if his speech was magnificent. Mr. Balcer boasted this afternoon that the universities of the province of Quebec were very pleased to receive $25 million in aid from the federal government.

Mr. Ricard: And under a Conservative government.

Mr. Leduc: But, if Mr. Balcer had thought for a minute of the position he has always taken in the house, he would remember that he has contributed nothing to this grant of $25 million that the universities have received. And for a very good reason: because since 1952, Mr. Balcer invariably voted against the payment of those grants.

Mr. Deputy Speaker: Order. May I remind the hon. member that he must not refer to his colleague by his personal name, but by the name of his constituency.

Mr. Leduc: The hon. member for Three Rivers (Mr. Balcer) speaking in this house on January 29, 1957 on the subject of university grants made as reported on page 762 of *Hansard* for January 29, 1957, the following statement:

> Mr. Chairman, like all other hon. members who have spoken on this subject, I am greatly alarmed by the difficult situation which the Canadian universities are in at the present time. Like all hon. members in this house, I have the greatest respect for my own alma mater, namely Laval University. I can easily picture all the problems that face this great institution at the present time, having regard to the increase in the cost of living, the increase in the cost of materials, and various other difficulties which the authorities of this great university must face at the present time. However, I am sorry to be the only voice so far which has been raised against this vote.

Those words were uttered before the adjournment of the debate at five o'clock. The hon. member for Three Rivers resumed his speech later the same day when he said, as reported at page 772 of *Hansard*:

> —close to $700 million, unless it finds ways to hand money around so it will not have to blush about all that accumulated money derived from its reckless taxation over the last four years.
>
> I know that my colleagues from other provinces who are not as scrupulous or as touchy as I am, because they do not belong to a minority, are ready to welcome that federal assistance to universities, because they are thinking only of the problems of those institutions. This is also the case of other provincial governments and universities in other provinces which are also prepared to accept federal grants and even urge that they be made larger.
>
> Consequently, I do not want to insist that the universities of other provinces be penalized, but I do not believe that Quebec itself should be penalized because it attaches greater importance to the constitution than do the other provinces. Therefore, I ask the federal government to add an income tax deductibility clause proportionate to the amount which the Quebec institutions would have received if they all had accepted the offer of the federal government. The deductibility has already been considered in the past for other reasons, and I believe it might be possible in this way to help universities without encroaching upon the constitution.
>
> In this way the concern shown by the government and Quebec institutions for the letter of the constitution would be respected, and all the universities of this country would be treated on an equal basis.
>
> Without the addition of such a section, and in its present form, I believe that the item now under consideration is unacceptable. Consequently, I will have to vote against this item.

I must say that the member for Three Rivers hardly deserves any compliments from the universities of the province of Quebec.

Mr. Martel: It is his suggestion that is being put into effect.

Mr. Leduc: But I was amazed when I heard him talk this afternoon as Solicitor General, as expert legal adviser of the government, and expound his theory on "constitutionality".

I made a note of the question that was put to him by the hon. member for Bonavista-Twillingate (Mr. Pickersgill)—

Mr. Ricard: He did not realize what question he was asking.

Mr. Leduc: I also made a note of the answer of the hon. member for Three Rivers in which he expressed a new constitutional theory. He stated that when a bill is accepted by nine provinces but not by a tenth, it becomes unconstitutional.

Mr. Speaker, have you ever heard—

Mr. Ricard: You are the one who did not understand him.

Mr. Leduc: Have you ever heard—

Mr. Ricard: He did not understand.

Mr. Leduc: Mr. Speaker, have you ever heard so fallacious a theory expressed by a legal expert of the government?

Mr. Ricard: He has not been here very long.

Mr. Denis: Don't be silly.

Mr. Leduc: Mr. Speaker, not only is the theory a novel one, but I wonder how his fellow cabinet members will welcome it.

Mr. Ricard: You will never be able to understand that.

Mr. Leduc: During his remarks this afternoon, the hon. member for Three Rivers mentioned some educational legislation passed in Quebec, and he said that three new bills had been voted. He forgot one; there were four bills passed, and I shall mention them to him.

First of all, there was Bill No. 3, entitled "An act regarding university real estate investments". Bill No. 58 was also passed, entitled "An act respecting financial assistance to provincial universities". The legislature also voted Bill No. 50 entitled "An act authorizing the granting of subsidies to institutions of classical learning and certain other schools." And finally, they passed Bill No. 60 to establish a source of revenue in respect of universities, the education fund and the corporation tax.

Those four very good pieces of legislation were passed unanimously in Quebec.

Mr. Ricard: Even the Grits are obliged to vote with the government.

Mr. Leduc: The Liberal members of Mr. Lesage voted in favour of that legislation—

Mr. Ricard: Mr. Lesage did not vote.

Mr. Leduc: It was very easy for the Liberals to support such legislation because—

Mr. Ricard: The Union Nationale has never done anything but good.

Mr. Leduc: —because the government of the province of Quebec was implementing the policy or program of the Liberals.

Mr. Ricard: They have been in the opposition for 20 years.

Mr. Leduc: For several years—

Mr. J. A. Habel (Cochrane): Mr. Speaker, on a point of order. Has the house reached the point where the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) can, by his shouts, impose his will upon other members of the house?

Mr. Ricard: Mr. Speaker, on the point of order—

Mr. Bourget: Why don't you sit down and be reasonable?

Mr. Denis: Don't be a wet blanket.

Mr. Ricard: As you can see, Mr. Speaker, they are like a pack of wolves. When one of them is attacked, they have to bunch up, 150 together.

On the point of order raised by the hon. member for Cochrane (Mr. Habel), I think the hon. member for Gatineau (Mr. Leduc) is the only one to blame for lowering the discussion to this level. We have to meet the Liberals wherever they are, and if this means stooping, well—

Mr. Habel: I rise on a point of order, Mr. Speaker.

Mr. Deputy Speaker: I can hear but one at a time.

I must point out that interjections have been made from all sides of the house, and I urge the members, wherever they sit, not to interrupt the hon. member who has the floor.

Mr. Leduc: As I was saying, Mr. Speaker, Mr. Lapalme, the leader of the provincial Liberal party, has advocated in Quebec for many years statutory grants for our universities, our colleges, our schoolboards—

Mr. Tremblay: And Mr. Lesage?

Mr. Leduc: Mr. Speaker, I will be glad to answer all the questions the Conservative members will want to ask me when I am through with my remarks.

Mr. Ricard: When the time for that will be gone.

Mr. Leduc: As I was saying, for many years Messrs. Lapalme and Lesage have advocated statutory grants in the legislature of Quebec, and this is known to all—

Mr. Deputy Speaker: Order. I have no objection to a reference being made to legislation on education passed by the Quebec legislature, but in my opinion the hon. member is going a little too far at the moment, and I would ask him to revert to the subject of the bill at hand.

Mr. Chevrier: Mr. Speaker, on that point of order may I respectfully submit that this afternoon—

An hon. Member: Watchdog.

Mr. Chevrier: Would you please repeat what you just said?

An hon. Member: Quebec watchdog.

Mr. Tremblay: Cornwall refugee.

Mr. Chevrier: May I remind you, Mr. Speaker, that this afternooon the

Solicitor General (Mr. Balcer) referred to Messrs. Duplessis and Sauve on several occasions, and so did the hon. member for Quebec-Montmorency (Mr. Lafrenière). Since they were permitted to do so without any objection from the Chair, the hon. member who now has the floor should have the same right.

Mr. Deputy Speaker: May I remind the hon. member for Laurier (Mr. Chevrier) that the Solicitor General and the member for Quebec-Montmorency referred this afternoon to university grants by the Quebec provincial government. They did not discuss the principle of the legislation; they dealt with assistance in general in relation to the problem of the grants that the federal government is allowed to make through those subsidies or the bill which is being discussed, and this is entirely different from the position adopted by the hon. member for Gatineau who is dealing with the statutory grants system in the province of Quebec as it relates not only to universities, but to all the school boards and other boards which have nothing to do with the bill under consideration at this time.

Mr. Leduc: Mr. Speaker, I am willing to abide by your ruling but, in dealing with Bill No. C-56, I cannot help dealing with statutory grants in relation to it because one of the clauses of the bill states that an amount of $1.50 per capita must be granted to the universities by the province. Now for this money to be granted to universities, it is necessary under the new bill that statutory subsidies be provided, and that is why the principle of statutory subsidies was adopted by the government of Quebec. Those statutory subsidies in Quebec amount to $1.75 per capita as against a federal contribution of $1.50 per capita.

Mr. Speaker, I feel it will be readily realized that I am not at all out of order in dealing with statutory subsidies in the province of Quebec, since those subsidies have been established under an agreement between the provincial government and the federal government.

Actually the province of Quebec has come into all the money laid aside at the time of the Liberal administration headed by the Right Hon. Mr. St. Laurent for assistance to universities, that is $25 million, and this, through no amendment of the federal legislation since it has not yet been passed. In fact, we are still at the stage of the second reading of this bill. Moreover, the province of Quebec having passed four bills, and two in particular, this has enabled universities to collect the $25 million that was being retained here.

Mr. Ricard: Thanks to a Conservative government.

An hon. Member: The money had changed colour.

Another hon. Member: It had been promised by the same government.

Mr. Ricard: Thanks to a Conservative government.

Mr. Leduc: I am therefore justified in inferring, say what the Conservatives will, that the policy of the Union Nationale has changed in the last six months. It has changed considerably and continues to change every day.

Mr. Ricard: Enough to beat the next Liberal government.

Mr. Leduc: I hope that it will change enough so that the province of Quebec will be able to take advantage of all the federal grants which are available to all provinces in Canada. I have always been in favour of university grants. Our universities need money for their work. They have a part to play not only at the provincial level but in the national and international fields. And this is one of the reasons which justify the granting of federal subsidies to all our Canadian universities. And in granting these subsidies without imposing any conditions whatsoever, the government is in no way interfering with provincial autonomy. We all know that section 93 of the British North American Act gives the provinces exclusive jurisdiction in matters of education.

The federal government by its grants to universities does not interfere in the field of education any more than the province of Quebec interfered in that field by awarding special grants to the University of Ottawa, which is outside of the province of Quebec. Did the federal government infringe upon the rights of the province of Quebec in educational matters when the latter accepted federal grants towards technical and vocational training in that province? Certainly not more than the United States and the other countries when they award grants to the universities throughout the world. At this point, I think of the Rockefeller institute which grants research fellowships to our universities each year. The acceptance of such grants, whether they come from a government or an individual, does not constitute an encroachment upon the constitution.

I am in favour of university grants, but at the same time I do say that the bill as introduced in this house—and I made a careful study of it—is an encroachment upon provincial autonomy. And this, because the bill in its present form enables provincial governments to levy a one tenth tax on the

profits of corporations, but under the condition that this tax does not yield more than $1.50 per capita. Should it yield more, the government reserves the right, under this bill, to deduct the difference from the equalization payments. In my opinion, this is an encroachment on provincial autonomy. Moreover, this act is unconstitutional. The Supreme Court of Canada has rendered a decision providing that when a province levies a direct tax for provincial purposes, the federal government has no right to claim any share of the moneys collected by the province. According to me, this bill is unconstitutional and unless the government gives an explanation to my satisfaction, I shall withhold my decision on this bill.

Mr. Allard: May I direct a question to the hon. member? Can the hon. member tell us on what section of our constitution he bases his statement that federal grants to universities are constitutional?

Mr. Leduc: The answer is very simple. The Minister of Finance himself, when he introduced his bill, stated that subsidies granted to Canadian universities are constitutional. The same view has been expressed by the Prime Minister of Canada and by all hon. Conservative members, except perhaps the Solicitor General before he became a cabinet member. In fact, they all shared the same view.

Mr. Allard: Would the hon. member answer my question and tell us on the basis of what section of our Canadian constitution he personally states whether those grants are constitutional or not?

Mr. Leduc: Mr. Speaker, in answer to the question put by the hon. member—

Mr. Ricard: Coming from the member for Papineau—

Mr. Leduc: —may I say this to the member for Sherbrooke:

> The government is and will always be scrupulously respectful of the constitution of this country. We recognize and respect the exclusive jurisdiction of the provinces in the field of education. The increased grants proposed by the government are nothing but necessary assistance to the universities, without the government interfering in any provincial sphere.

Mr. Noel Dorion (Bellechasse): Mr. Speaker, on several occasions, since I have had the honour of being elected to this house, and particularly in the debate on the resolution which preceded this piece of legislation, I expressed my views as clearly as possible on the precedent which was created in 1951 by the federal government of the time.

I tried to show, both by historical facts and by references to the constitution, that the principle then established represented a serious mistake, and that only the provinces had rights and obligations in educational matters, at every level of the educational system.

I also emphasized the serious danger that Quebec was likely to run into had it yielded on that point.

In order to avoid repetition, I shall therefore try today not to deal again with those angles of the problem, though they may be of capital importance in the establishment of a national unity consistent with the constitution.

Since then, I heard various views on the subject and in spite of my sincere and loyal efforts, I found nothing in them which might shake my position or any of the arguments I used in support of my position.

In consequence—though it may displease those who do not share my opinion, and with all due respect for the views of others—I want to confirm once more, at the very beginning of my remarks, that federal grants to our institutions of higher learning in this country are obviously inconsistent with the imperative principles of our constitution and contrary to the rights, powers and obligations which are an exclusively provincial field.

It is with this reservation that I wish to deal with the legislation now before us, which tends to lessen the singularly serious effects of the 1951 precedent with regard to the only province which, in this matter, offered a resistance that was all the more vigorous and consistent for its being based on history, on the constitution, and on the firm will to preserve full and complete freedom of action.

Everybody is familar with the background of that legislation. Since 1951, the federal parliament has been called upon to vote annual grants to our universities, and thus to by-pass the provincial governments which are exclusively responsible in the educational field.

That precedent, which has recurred each year ever since, has become a kind of institution, so much more difficult to uproot that nine provinces out of ten have accepted it without the least objection; in fact they even declared themselves favourable to it. Only Quebec has consistently rejected it. It so

happened, at a given moment, that the Quebec attitude did not please the authorities in Ottawa. By what means could its resistance be shaken?

So, in 1954, a method was resorted to which, it was hoped, would prove workable. It was stated that in so far as Quebec grants were concerned, they would accumulate in the treasury of the national conference of Canadian universities, in the obvious hope that such a Tantalus torment would give our institutions of higher learning such an appetite, would develop such an amount of gastric juice that in the end they would give in.

Fortunately, the nature and strength of the motives which had inspired Quebec were grossly misconstrued.

Beyond the purely material and financial point of view, there was a principle at stake, the principle of fiscal and constitutional liberties, a principle which, to a large extent, inspired the federative pact of 1867, and the ignoring of which would surely have brought about the abortion of the Charlottetown, Quebec and London conferences.

The accomplished fact brought about by that precedent of 1951 had none the less become a source of serious injustice towards the citizens of Quebec. Were they not contributing a large share of the taxes which were distributed in the other provinces by way of university grants?

Was there no possibility of a compromise that would take into account both the desires of the other provinces and the position so steadfastly held by the province of Quebec? Both the present Prime Minister (Mr. Diefenbaker) and the Quebec provincial authorities—who were also anxious to recover the share of taxes raised for provincial purposes, and to which in all fairness the province was entitled—devoted themselves to finding a compromise solution.

The legislation now before us is the outcome of those co-operative efforts. What does it amount to?

The best way to answer that question is to borrow the words of the hon. Minister of Finance (Mr. Fleming), in the speech he delivered on March 18 last, as recorded on page 2229 of *Hansard*. Here is what he said:

> In conclusion may I endeavour to summarize the effect of the legislation now proposed. In addition to assuring to the provinces till March 31, 1962 the benefit of the increase from 10 to 13 per cent in their share of the yield from the personal income tax, this measure will
>
> (a) offer all provinces equally an alternative to the present system of federal assistance to universities in the knowledge that none of them will suffer any diminution in consequence of the adoption by its province of the alternative plan;
>
> (b) place both the present system and the new alternative system on a firm statutory basis for the next two years conterminous with the period of the Federal-Provincial Tax-Sharing Arrangements Act.

What is the nature of this alternative system referred to by the minister? It simply allows provinces which have made no arrangements with the federal government to rent their power to levy taxes on corporations or provinces which, though having entered into such an arrangement, now wish to terminate it with the federal government's concurrence, to receive an additional 1 per cent tax on corporations, a tax which can be deducted from the federal tax.

It may happen however, that the amounts recovered in this way by the provinces will either be greater than the amount that would have been paid to their universities by the federal government, or it may be less. In either case, there will be an annual adjustment, with the federal government either retaining the balance on equalization payments or adding to such payments to make up the amount. In that way, the provinces will receive equal treatment, without discrimination, whatever system they choose.

The essential requirement for any province to take advantage of this new system is that the province make satisfactory arrangements, in the minister's judgment, to pay its institutions of higher learning at least the equivalent of the sums they would have received if they had taken advantage of the method now in force. In other words, the province must actually discharge its obligations toward our universities.

Of course, this act is not perfect. It shows the effect of the factual conditions that brought it about. It stems from a precedent inherited by this government and for which the government must now make allowance, mainly in view of the attitude of nine of the ten provinces of the country.

Last year I pointed out those difficulties and I drew the fire of the hon. member for Laurier (Mr. Chevrier), a delayed fire since it came several months after the remarks I had made on this matter. He had then described as illogical and irrational the remarks I had made to this effect. Today, he wanted to act as our mentor and dictate the course we should follow. I admit that I am not at all inclined to accept his counsel, particularly

after the constitutional heresies that crammed the speech he made this afternoon. I will truly feel in better company if I follow the counsel given on July 21 last by the editor of *Le Devoir*, a paper which surely cannot be suspected of centralizing tendencies. Here are Mr. Gerard Filion's views on this matter:

> The strongest argument is the will of the other provinces. Nine provinces want federal grants, as they want health insurance, as they want family allowances, as they want this and that. Therefore, no Quebec veto can impede progress.
>
> Important remarks could be made in that respect and restrictions indicated as well. However, taking it for granted that the will of nine provinces must finally win over the veto of one, there is but one solution left—setting up a special system for that province. For there is nothing in the constitution to compel Canadian provinces to accept a single procedure every time a step forward is to be taken. Diversity has no built-in evil and it may even become an asset.

That brings back to me the time of the union. While that constitution had been evolved in order to unite the two Canadas on a legislative and an administrative basis, what happened instead was that, throughout the existence of that system, there were three groups of legislation: one for Lower Canada, one for Upper Canada and a third one for the Union, it being utterly impossible and unnatural to amalgamate our two ethnic groups.

May I add that contrary to the hon. member for Laurier, Mr. Filion has the advantage of not being a mere layman in the matter of provincial autonomy.

This text from *Le Devoir* also provides an opportunity to point out to the hon. member for Port Arthur (Mr. Fisher) how far we are from wanting to veto the stand taken by the other provinces. We readily understand that their interests are divergent and that they are entitled to hold views different from ours. It is ridiculous to imagine for a moment that we are attempting to impose on them a sort of one-way Canadianism steeped exclusively in our traditions, our customs and our aspirations.

But neither do we want reduced to a minimum the constitutional rights and freedoms which were granted to us by the act of 1867 and have enabled the province of Quebec to play its part as the centre of French culture in our country, a culture that is and will remain one of the elements absolutely essential to the existence and development of the Canadian people. And because the bill before us is along that line of thought, because it will enable the provinces which so desire to recover their power of taxation for educational purposes, I do not hesitate at all to support it as an improvement which the province of Quebec may rightfully welcome.

Some people—and it was their privilege to do so—paid particular attention to certain details of this bill and saw in them serious encroachments upon provincial autonomy. For example they took exception to it because it leaves it to the minister to ascertain that the agreements reached by the universities and the provinces wishing to take advantage of this bill are really consistent with its provisions.

I admit that, at first, that requirement disturbed me and that I would have liked a better formula. But on that objection, which I discussed with some of my colleagues, I was told: Is it not up to the minister responsible for the administration of the act to find out whether or not facts are consistent with the provisions of that legislation and if the latter can therefore be put into effect? Otherwise, who would be responsible for it? Mr. Jean Lesage, who has suddenly become the fiercest autonomist, suggested that the Canadian universities foundation could act as an umpire. Mr. Lesage, who is burning today what he worshipped yesterday, and who actively took part in establishing the precedent which is at the very root of the difficulties we are now trying to solve, has, as I say, the ardent enthusiasm as well as the deficiencies of a neophyte. Is he not aware that there is such a thing as ministerial responsibility and that the only three instruments of the state are the legislative, the executive and the judiciary? What principle would allow us to ignore one of those three when there is a question of arbitrating a possible conflict between two opposed jurisdictions?

Mr. Lesage seems to have a rather failing memory. He was there, as a member of the cabinet when chapter 29, Statutes of Canada 4—5 Elizabeth II, to which this bill is related was passed in 1956. Let him read over closely each provision of that text and he will see the extent of the powers specifically given to the minister of finance, whether for the purpose of setting up equalization payments, or stabilization payments or of making any necessary adjustments.

What strikes me especially in this bill is the fact that from now on, the minister will have no control over the structure of our institutions of higher learning and over the required conditions to be eligible for grants. It will not be up to him anymore, as had been decided in 1952 by Mr. Lesage and his friends, to define the terms "university",

"student", "university degree", "university level". That problem will, from now on, be the responsibility of both the provinces and the educational institutions themselves.

This bill will therefore end such intrusions. While the Minister of Finance has the right to satisfy himself that the arrangements reached between the provinces and their universities are truly consistent with the requirements of the act—and it must be pointed out here that the term "arrangements" does not refer only to legislation, but has a much broader meaning—he will no longer, as in the past, be in a position to simply ignore the provinces, and to dictate directly to the universities the terms under which they may receive grants.

In my view, Mr. Speaker, that is a substantial and a very welcome gain. The Hon. Paul Sauve, whose political sense was justly commended by all, was the first to recognize this fact when, in his letter of December 14, 1959 to the Right Hon. Prime Minister of Canada, he wrote:

> My colleagues and I are pleased with your decision to offer an alternative to the present system of federal grants to Canadian universities, to take better account of the letter of the British North America Act.

Another aspect of this measure is that it represents a temporary compromise. On that point also, Mr. Sauve expressed satisfaction in the following terms:

> We are very happy that your letter indicates your intention to review the federal government policy in this matter, in the light of future discussions on the extent and nature of fiscal relations between the federal government and the provinces after March 31, 1962. It is therefore only a matter of considering a temporary *modus vivendi* which would obtain for the next two fiscal years only, that is until we take the decisions we shall be called upon to take and which will apply as of March 31, 1962.

The attitude of the late premier of the province of Quebec was, in this case, in keeping with the opinion of Rev. Father Ares, a prominent sociologist, whose authority in such matters could certainly not be questioned, and who, in January 1960, stated the following:

> This is a solution which, in spite of its basic defect, deserves consideration on at least four counts: (1) it is probably, in the circumstances, the only possible solution, in view of the attitude of the other provinces, which insist on getting federal help; (2) it is essentially provisional, since its duration is fixed at two years, and that in 1962 everything must be reconsidered; (3) it is in line with autonomists' claims, since it recognizes —under certain conditions, of course—the rights of provincial governments to levy a special tax, deductible from federal tax, and to earmark such a tax for the financial upkeep of universities; (4) it paves the way to the settlement of an extremely complex and delicate matter: that of the disposal of the sums which have been accumulating in Ottawa since 1952, in favour of Quebec universities.

At the purely practical level, that settlement affords Quebec invaluable advantages, and to convince oneself, one has only to consider provincial legislation passed during the last session, in anticipation of the provisional settlement assured by this measure. An educational fund had been set up in 1946, which was financed by miscellaneous sources. From now on, that fund will be increased by a tenth of the corporation tax, that is, for this fiscal year, by an approximate sum of $9,850,000. Out of that fund, in addition to the sums paid to school boards, as well as the basic grants which the universities and classical colleges are already getting, a payment of a sum equivalent to $1.75 per capita or 25 cents more than the proportion determined by the federal government will be provided for which will give a total amount of about $8,750,000.

At this point, a comment is in order, Mr. Speaker. In a conference he delivered recently before the students of Sir George Williams College, Mr. Lesage had in that respect the following remark to make:

> What a glaring breach of Quebec autonomy it is to let Ottawa itself set the amount of provincial taxes to be collected for provincial purposes.

I should like to know on what basis Mr. Lesage can possibly make such a statement. Where, when and how did the federal government ever set the amount of taxes that Quebec is entitled to collect to meet its provincial obligations and deal with matters of its own jurisdiction? The fact that during its last session Quebec chose to set the amount to be levied for the universities at $1.75 instead of $1.50 per capita is the best possible denial of such a contention. Where Ottawa has actually placed a limit in its legislation is in the maximum deduction on its corporation taxes, just as the Right Hon. Mr. St. Laurent had done in 1956 by recognizing the principle involved, the very principle that had been so violently rejected two years before by Mr. Lesage himself.

Finally, to come back to the legislation recently voted in Quebec, I shall recall that a sinking fund was created to assist universities and affiliated colleges which wanted to proceed with expansion and development projects. These capital costs will be financed by income tax revenue, as well as by the $25 million accrued at the Canadian universities foundation and paid out to Quebec universities for retransmission to the

Quebec government, which is to use the money to this effect.

In other words, not only has Quebec rid its institutions of higher learning of a sword of Damocles hanging over their heads, but it made sure that henceforth there would be no more attempt on the part of the federal government to encroach upon the exercise of its rights, powers and obligations in respect of our educational establishments. From now on, it will carry out exclusively on its own the task deferred upon it, which consists in favoring the expansion of education and culture among the people for which it is responsible.

Mr. Speaker, those are the happy results of the compromise upon which rests the legislation now before us. That compromise has the advantage of deferring upon any province who would wish to do so, the responsibility of collecting on its own taxes for the financing of education without in the least hurting the financial and material interests of the other provinces. That seems to me a step in the right direction, a step towards the liberation from that kind of feudal system in which Ottawa has tried to keep the provinces of our dominion for the past 20 years.

Those considerations remind me of some statements made on December 17, 1940 to the Halifax *Herald* by one of the greatest statesmen of his time, the day after the publication of the Rowell-Sirois report, which is, to a considerable extent, the basis of the important change in the course of Canadian policy which took place at that time. These are the terms and conditions under which the Hon. Mr. Cahan, former member of the Nova Scotia legislature, secretary of state in the Bennett government, and one of the highest legal authorities of his time, thought it possible to maintain responsible government in each one of this country's legislatures. I quote:

(Text):

I have always believed that dominion-provincial relations will only be placed on a stable basis when the provincial government is made responsible for raising the revenues which it annually expends. That should be the ideal basis of responsible self-government. But this Sirois scheme makes the provinces more dependent upon grants and donations from the federal treasury, for the maintenance of provincial services.

The provincial legislature will come to exercise, year by year, the functions of a municipal council which is dependent, in matters of finance, upon the benefactions which it receives from the federal treasury. The dominion government will hold the purse, and financial control will gradually extend to the exercise of legislative and administrative control.

Many people would doubtless welcome that change, but the people of each province must decide for themselves whether the province shall become wholly dependent upon the dominion government, or whether, in the administration of provincial affairs, the provincial government shall continue to maintain a considerable measure of independence, which is usually described as provincial autonomy. That raises an issue which the electors of each province must decide for themselves.

(Translation):

Those, Mr. Speaker, were the words of one of the most brilliant statesmen of his generation. Such words were the result of a fruitful experience in public affairs, extensive knowledge of Canada's history and constitutional law, and a sharp sense of reality.

Though they were spoken nearly 20 years ago, those words are still surprisingly up to date. In my view, they contain the doctrine that should inspire all our leaders, whatever their party and whatever the sphere of influence in which they are called upon to exercise their activity. In returning to the spirit and letter of the 1867 act, we shall be working to insure harmony and peace among the various groups that have to live side by side in this country.

It cannot be overemphasized that the 1867 constitution which, before being a piece of legislation enacted by the imperial parliament, was first an agreement reached between the four pioneer provinces of our Canadian homeland, had been carefully drafted by wise and enlightened statesmen endowed with remarkably sharp foresight. While very different in background, religious beliefs and political views, they united their efforts and goodwill in an attempt to put an end to the fratricidal struggles which, for so long, had pitted our forefathers against one another, and to secure for our two ethnic groups the rights and freedoms which would enable them to live together in harmony and to develop each according to its own traditions, culture and personality.

In so far as we remained faithful to the creative spirit of those great ancestors, we had every reason to be satisfied with the relations between the provinces and the central government, and with those between Canadians of Anglo-Saxon origin and Canadians of French origin. God grant that this teaching of history will not cease to guide us and to inspire us in the settlement of conflicts such as the one which the legislation before us today aims to bring to an end, as well as in the general administration of the public affairs of the country.

In this way, we shall be for the whole world an example of a great country where segregation, even in its most insidious form, has no hold on us, of a country different from all the others because of its particular

features, of a country that has remained faithful, both in spirit and in heart, to the two great civilizations from which it has risen and inherited such great and noble traditions.

Mr. Brassard (Lapointe): Mr. Speaker, may I ask a question of the hon. member for Bellechasse? If the hon. member for Bellechasse deems it completely constitutional to levy a provincial corporation tax for educational purposes, how can he explain that the federal government should, under the same bill, have the authority to compel the province of Quebec to return a portion of the same tax? Is that provision in the bill not the very contradiction of Mr. Cahan's statement?

Mr. Dorion: I am willing to assume that the hon. member has paid close attention to what I said. However, he leaves me with the impression that either I did not make myself clear or he misunderstood me. I rather believe that I was not quite clear.

At the beginning of my remarks, I very definitely stated that in my opinion the federal government is not allowed under the constitution to subsidize universities. I said that we were faced with an accomplished fact and that we try to evolve a temporary solution through a compromise. That is my view on the bill now before us.

Mr. Gabriel Roberge (Megantic): Mr. Speaker, in recent years, I had become used, generally, to speak before the hon. member for Bellechasse (Mr. Dorion). Due to the tradition of alternation, it so happens to-night that I have to speak after him. I must tell you that this makes me very happy since I will have the opportunity to take up certain assertions he made about statements of mine in the past.

Until this afternoon, we believed on this side of the house that there were only two protectors of the constitution on the side of the Conservative members from Quebec. I refer to the hon. member for Sherbrooke (Mr. Allard) and the hon. member for Bellechasse (Mr. Dorion), who spoke just before me. But we realized this afternoon that we had a new protector of the Canadian constitution in my hon. friend and university classmate, the Solicitor General (Mr. Balcer). I will come back a little later during my remarks to the statement my friend the Solicitor General made this afternoon about the constitution.

First of all, Mr. Speaker, I would like to take up certain assertions, and to make the record straight about what I said previously in this house on the subject of university grants. According to page 2648 of *Hansard* of April 13, 1959, unrevised English version, the hon. member for Sherbrooke referred to what I had previously said. He was then taking part in the debate on the budget and I had made a speech on the address in reply to the speech from the throne. Well, on that occasion, in January 1959, I had given my views to the house on this matter of university grants. After having tried, in my humble way, to expound the Canadian constitution, I said the following that I quote from the speech of the hon. member for Sherbrooke:

> Therefore, I repeat that in my opinion the fathers of confederation, in good faith, did not think in terms of universities when section 93 was enacted.

And according to what he said—I hope he did not have a text—the hon. member for Sherbrooke added:

> Mr. Speaker, I must reply to that statement made by the member for Megantic that I have never heard such superficial and inadequate interpretation of the Canadian constitution.

And he went on...

> In 1867 in addition to Laval University—

I must say that, through the reference to that quotation which at that time seemed to be the very words of the hon. member for Sherbrooke, I realized when he spoke that I had read that somewhere. But the hon. member for Sherbrooke corrected himself a few days later and indicated that the text he mentioned referred to an article published in *Le Devoir* of March 14, 1959, over the signature of Mr. J. Rodolphe Thibodeau, under the heading: "The reader's views."

Both statements are absolutely identical. I do not want to insinuate, Mr. Speaker, that the hon. member for Sherbrooke arrogated somebody else's writings to himself. I only want to point out that at that time he did not indicate that somebody else had written that in a newspaper.

I wish to refer to his statement that my interpretation was superficial and inadequate.

Since then, I have found that I am not the only one to have expressed that opinion and I have here the brief submitted by McGill University, in Montreal, to the royal commission on constitutional problems which, if I am not mistaken, was known as the Tremblay commission.

That brief does not carry any signature nor any indication of the author's name, but I have every reason to believe that it was drafted by somebody who is considered as an expert in constitutional law and who is precisely a professor in constitutional law at McGill University.

As can be seen on pages 14 and 15 of the brief:

(Text):

Section 93 of the British North America Act makes no specific mention of universities nor does it touch upon the problem of financing their development. So far as we know, the subject of universities was not once discussed at any of the meetings of the fathers of confederation, and if we think of the situation that existed in Canada in 1867 we need not be surprised that the universities received so little consideration.

(Translation):

As you can see, Mr. Speaker, I was not the only one in 1959 to think that the fathers of confederation never had universities in mind when drafting the Quebec resolutions and later on the London resolutions which are the basis of the British North America Act.

Now, Mr. Speaker, as I said in the beginning, I am privileged and sorry to see that the hon. member for Bellechasse (Mr. Dorion) is not in his seat as I want to refer to what he said the first of April 1960 concerning the resolution when he referred to certain things I had said in January 1959.

I am now quoting the very words uttered on the first of April by the member for Bellechasse and which can be found in the French *Hansard*, page 2940:

In the first place, Mr. Chairman, contrary to what the hon. member for Megantic seems to think, Laval was not the only Quebec university in 1867.

And he then refers to what I had said in January 1959.

And Mr. Speaker, here is what I did say in January 1959. I quote from the English *Hansard* of January 20, 1959, page 133.

I had just expressed my humble opinion that the fathers of confederation had not foreseen in 1867 what could happen in 1950 or 1960 and I said:

Besides, if I am not mistaken, universities...

Universities, note the plural.

—at the time were private institutions. At least, it is a well known fact, in so far as the province of Quebec is concerned, where, for instance, Laval University has been established in 1852 by the Quebec seminary.

I did not refer then to the other universities which might have been established in the province of Quebec, namely McGill and Bishop's Universities, because I only mentioned Laval University as being a private institution.

An attempt was made, unwittingly I am sure, to restrict the import of the statement I made at that time.

Mr. Speaker, coming back to the topic which the hon. member for Bellechasse dealt with on April 1, 1960, in an effort to show that I had erred in 1959 when I expressed the view that the fathers of confederation in drafting our constitution, and particularly the section on education, in 1867, had no thought for universities, I want to say in all fairness to him that the statement he made on April 1 is based on facts which are true and on statutes then existing and which nobody denies.

It was based mainly on schedule 4 to the British North America Act.

One may ask where that schedule 4 came into existence. That is one question I shall try to answer, Mr. Speaker, very modestly and probably in terms as indefinite as are the documents and papers we have to enlighten us on the early days of Canada.

I have here a work by Joseph Pope which was published in 1895 under the title: Confederation Documents. Everyone knows that Joseph Pope has also written the memoirs of Sir John A. Macdonald. It can thus be said that this author knew our history and also the life of the man who was our first prime minister.

I was unable to find in this book any clue as to the source of this schedule 4 of the 72 Quebec resolutions. I read carefully resolutions 54, 55, 56 up to 60, and others too, but in not one was there to be found anything like schedule 4. There may be the 59th resolution which I am going to quote now. It is to be found on page 50 of the work I just mentioned and the resolution was as follows:

(Text):

The several provinces shall retain all other public property therein subject to the right of Canada to assume any lands or public property required for fortifications or for the defence of the country.

(Translation):

But I am unable to find anything in those resolutions resembling what later on became schedule 4.

I also looked at those texts called the "London resolutions", and more particularly numbers 53, 54, 55, and so on, up to 58. There again, I find nothing similar to schedule 4, or to the clauses of the British North America Act which we know and on which that schedule is based.

Then I read the first, second and third drafts of the British North America Act and, again, there was nothing of schedule 4. The first time I found something approaching, was on page 194 in the fourth draft of the British North America Act, in section 61, which reads as follows:

(Text):

The assets enumerated in the schedule to this act belonging at the union to the province of Canada shall be the property of Ontario and Quebec conjointly.

(Translation):

And, in schedule B, all that we find, according to page 211 of the same book, is this:

(Text):

Schedule B—Substantially the same as the fourth schedule of the British North America Act.

(Translation):

There is nothing in this book that I got from the library to indicate where schedule 4 comes from. But, when we read section 113 of the British North America Act, we see, except for two words, or rather for one word, the substance of what I have just said about the draft. Section 113 reads as follows:

(Text):

The assets enumerated in the schedule to this act belonging at the union to the province of Canada shall be the property of Ontario and Quebec conjointly.

(Translation):

This had to do, Mr. Speaker, with the distribution of the assets held by the government of the united Canada, a distribution that did not involve education; it involved many things; the following are some of the assets included in schedule 4:

Upper Canada Building Fund.
Lunatic Asylums.
Normal School.
Court Houses in Aylmer, Montreal, Kamouraska, Lower Canada.
Law Society, Upper Canada.
Montreal Turnpike Trust.
University Permanent Fund.
Royal Institution.
Consolidated Municipal Loan Fund, Upper Canada.
Consolidated Municipal Loan Fund, Lower Canada.
Agricultural Society, Upper Canada.
Lower Canada Legislative Grant.
Quebec Fire Loan.
Temiscouata Advance Account.
Quebec Turnpike Trust.
Education—East.
Building and Jury Fund, Lower Canada.
Municipalities Fund.
Lower Canada Superior Education Income Fund.

But, Mr. Speaker, one may wonder why certain assets were assigned to Lower Canada and certain others to Upper Canada, which afterwards became members of the confederation, that is the province of Quebec and the province of Ontario.

Coming back to the arguments advanced by the hon. member for Bellechasse on April 1, I shall attempt to discover the reasons why those sums of money, those assets were distributed to one province in particular. The hon. member for Bellechasse said this, as reported on page 2810 of *Hansard* of April 1:

Besides, the grants were being drawn out of specific funds and distributed under existing laws.

I shall only repeat the very words of the hon. member for Bellechasse who went on to say:

In fact, if we refer to the revised statutes of lower Canada, 1860, chapter 15, part 3, we find there an "act concerning a provincial allowance in favour of higher education—

It concerned—I have the reference here—the assets confiscated from the Jesuits. Is it surprising, when we examine the question of the Jesuits' assets, that the fathers of confederation, in distributing those assets, should have decided that the money derived from them and the assets themselves should return to the province where they came from? That was elementary justice. They were, at the time of the Union Act, the property of the united Canada. They had to become again, at the time of the separation of both Canadas, the property of the province of Quebec. But, did that necessarily mean, for the fathers of confederation, that only the province of Quebec could give grants to universities, institutions of higher learning?

You will find, Mr. Speaker, that such was not the case. The hon. member referred to that royal institution for the advancement of science, the royal institution referred to in the article of *Le Devoir*, by Mr. Thibodeau, and to which reference was made in *Hansard* by the hon. member for Sherbrooke (Mr. Allard) last year. But, what was that royal institution?

The royal institution starts in 1801, under the constitutional act, and I draw this information from a treatise on education in Lower Canada, by Mr. J. B. Meilleur, former superintendent of the department of education of Lower Canada.

At page 10 of his treatise, Mr. Meilleur says:

To clarify the matter and to spare the reader the trouble of looking it up, here is the list of education acts to which I referred, in the following memorial:

1. Act 42, George III, chapter 17, adopted in 1801, providing for the establishment of elementary schools under the direction of the royal institution. This act is still in force, but legislative funds are no longer appropriated especially for its purpose.

At page 119 of the same book, Mr. Meilleur said:

Now, although the act concerning the royal institution schools has not been repealed it is nowhere operating.

That was 20 years later. The writer continues:

Its properties and all the schools which had been established under its auspices came under the control of the school trustees under the provisions to that effect of clause 21 of the present act, passed in 1846, to establish primary schools. However, the royal institution corporation still exists, and each year the provincial legislature grants a special subsidy of £147 15s. 4d. to its secretary to keep the archives and meet possible clerical expenses.

On page 130 of the same book, there is another reference to the royal institution, to the small McGill college, which was established, as we know, through a gift from

Hon. James McGill, designed to establish in Montreal a high school which later became McGill University.

As regards the royal institution, the hon. member for Bellechasse quoted chapter 18 of the 1854 act. You will allow me, Mr. Speaker, to quote an act adopted in 1863, which is Act 26 Victoria, chapter 6, page 3 of the preface of the brief submitted by McGill University to the commission of inquiry on constitutional problems. I read the following:

(Text):

Under various acts of the legislature of the province of Quebec culminating in the act of 1863 (26 Vict. c. 26)—

(Translation):

Mr. Speaker, I see there is a mistake; it is not chapter 26, but chapter 6.

(Text):

—the board of governors of McGill University was also invested with the title and powers of the Royal Institution for the Advancement of Learning, which had been created by act of the legislature in 1801.

(Translation):

That means that as early as 1863 there no longer existed any royal institution, and the acts and authority of that institution had been handed over to McGill University. In 1867, when the British North America Act was drafted and agreed to in London, it was only fair that any money or property left by the royal institution, or if McGill University should later on become dependent on that foundation due to that act of the union, it should be returned to the jurisdiction of the province of Quebec.

However, there is more to it than that, Mr. Speaker. I have learned during my short experience that you must refer not only to legal documents but to their sources. Furthermore, in order to find out what certain legislators meant and, to a certain extent, to understand the Canadian constitution, the hon. member for Bellechasse could read the speeches made by the authors of that legislation, or any other. I find in a publication of the Public Archives of Canada, entitled *Index to the Debates on Confederation, 1865,* a foreword or introduction, written by professor Frank Scott to whom I referred a moment ago; but, this time, it is actually professor Scott who wrote this introduction, which I should like to paraphrase.

Professor Scott deplores the fact that there was no substantial report made of the Charlottetown conference, nor of the Quebec conference, nor of the speeches which were delivered there, except perhaps that which is reported in *Confederation Documents,* of 1895, which I quoted a moment ago.

After having deplored that, professor Scott adds, as recorded on page 7:

However, the general principles of federal union were hotly discussed on many occasions, both in parliament and on the hustings.

Then we read a sentence which is of no importance for the sake of my own argument. And professor Scott goes on to say:

However the researcher must consult the various parliamentary journals and the official reports if he wants to read up on the subject. After all, the parliamentary debates of Canada on confederation are the only copy and the only substantial and serious analysis of the project of a union and of the developments of that project until the end of the Quebec conference.

At page 9, the author goes on to say this:

We shall not reach unanimity on the value and the purport of those debates. The evidence, like any evidence of the kind, must be studied with care and used cautiously.

Farther down, the author says:

It is none the less very important evidence which acquaints with the thoughts, hopes and fears of the leaders of the time on confederation.

Mr. Speaker, I shall spare you some other representations that I might make because time is getting on.

With the help of this index which is very well made, I read in the report of the debates that took place in 1865 the speeches of those who attended the conferences of Charlottetown and Quebec.

Of course, Mr. Speaker, I shall not quote everything I read because I ran through all the parts where mention was made of education and schools, and nowhere did I find any reference to universities and institutions of higher learning. However, mention was made of Catholic confessional schools, of dissident schools, of public schools and of separate schools, and it is the only reason, in my opinion, why paragraph 6 of the forty third resolution was enacted. It reads as follows:

(Text):

Education, saving the rights and privileges that the Protestant and Catholic minorities in both Canadas may possess as to their denominational schools at the time that the union comes into operation.

(Translation):

Mr. Speaker, in the light of paragraph 6 of resolution 43 which later became section 93 of the British North America Act, we see that the only concern of the fathers of confederation, and of all those who studied the 72 resolutions was the safeguard of the minority in the provinces of Quebec and Ontario, in order to allow them to keep the school system that had been instituted in each of these provinces.

Mr. Speaker, having quoted those facts, I believe that if the hon. member for Bellechasse had a right to conclude that the fathers

of confederation had necessarily thought of universities in drafting those texts, I have a right also to come to the conclusion I drew last year. Besides, I am not the only one to come to this conclusion. May I remind you, however, of the words quoted at the beginning of my remarks.

But there is more. As I said before, I am not the only one to think so, and I would quote in this respect what Rev. Father Egide-M. Roy, of the minor brothers, said in 1924, in his book entitled "The development of the French-Canadian school system". I read it after I had expressed my views on the matter last year, Mr. Speaker. This is what Rev. Father Roy has to say on page 231:

In order to give some idea of education in the province of Quebec, we must first put aside secondary and higher education, i.e. classical colleges and universities. These institutions have been developed under the sole leadership of the clergy and they remained outside all governmental action or influence. They are private corporations, with their own identity. If for the past few years, they have been receiving grants—which are anyhow rather meagre—they nevertheless keep their complete independence.

That was what Rev. Father Roy said in 1924, Mr. Speaker, and I believe that conditions have not changed, either in 1951 nor in 1957 nor in 1960.

I therefore think, Mr. Speaker, that I am entitled to express my humble opinion and to conclude that the central government, or rather the central parliament, has a perfect right to vote grants to the universities without encroaching on provincial autonomy in the educational field.

There is an important distinction to be made between the power to grant subsidies —or make gifts—and the authority to legislate in educational matters.

And this is what I find on page 17 of the brief submitted by McGill University:

(Text):

Much confusion has arisen in discussion of this subject through a failure to distinguish between the power to spend crown moneys on behalf of education and the power to make laws in relation to education.

(Translation):

There is a basic difference between distributing sums of money collected by way of direct taxation in the federal field, and the power to legislate in the field of education.

Under the Liberal formula, the government of the time placed no condition on the use to be made of the funds distributed, it had no controlling authority over the administration of universities; it exercised no influence in the drafting of curricula or in the choice of teachers. In fact, all that was done at the time, that is in 1951, and since, was to determine the amount of money to be given by the federal government to institutions of higher learning, both in the province of Quebec and in the other Canadian provinces.

Mr. Speaker, at this stage of my remarks, I think we have reached an appropriate time to ask you to call it ten o'clock.

(Text):

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask if there is any change in the program announced last night for the business of the week?

Mr. Churchill: No change in the program; we expect tomorrow, by arrangement, to have the debate on apartheid. I will announce the business for Thursday and Friday tomorrow if there is any change in the program as outlined.

Mr. Chevrier: I wonder if I could get some indication at this stage as to what we will be doing on Monday next?

Mr. Churchill: Monday of next week would be a supply motion.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

C.N.R. LAY-OFFS, LONDON, ONT.

Question No. 322—**Mr. Martin (Essex East):**

1. Has the government received representations from the brotherhood of railway carmen of America, local 488, requesting government action or assistance to reduce recent lay-offs in the Canadian National Railways car shops in London, Ontario? If so, on what dates?

2. Did the representations call attention to the situation wherein work formerly done at the car shops in London is now being farmed out to other contractors?

3. What action has the government taken to deal with lay-offs of the nature mentioned?

4. Has the government received any indication as to whether or not the car shops at London may be closed down?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1 and 2. No recent representations have been received from local 488 but the management of the Canadian National Railways advise that work formerly done at the London shops has not been contracted out.

3. Matters of this kind come strictly within the administrative control of the management of the railway and representations made to the government are drawn to the attention of the management.

4. The management advise that meetings were held in London on April 13 with union representatives and employees and with the London city council, at which time advice was given that subsequent to the end of July, 1960, work on passenger cars only will be discontinued in the London shops. Medium and heavy repairs to freight cars, work equipment, and miscellaneous equipment, employing upwards of 300 men will not be affected by the work reassignment. The majority of the passenger workshop employees will have an opportunity to transfer to other assignments, and displaced employees will be interviewed by counsellors qualified to advise on what other work may be available.

STUDENT EMPLOYMENT, PUBLIC SERVICE

Question No. 328—**Mr. Boivin:**

1. How many students were employed by the federal government during each summer since 1956?

2. What was the average earnings of such students, and how many weeks or months were they employed during each of these years?

Answer by: **Hon. Leon Balcer (Acting Secretary of State):**

1. The following figures include graduate and undergraduate students employed under civil service commission certificate throughout Canada in the agriculture, applied and pure science, arts and social science fields: 1956 season, 1,172; 1957 season, 988; 1958 season, 1,034; 1959 season, 1,084.

2. The salary ranges for undergraduates were as follows: 1956, $220 to $280; 1957, $245 to $280; 1958, $245 to $305; 1959, $245 to $305.

Salaries for graduates employed during the summer vary widely and cover many classes and range up to $500 per month.

During these years, some students engaged for summer employment have been retained for several weeks and others for several months. The average period of employment was approximately two and a half months.

HOUSE OF COMMONS

Wednesday, April 27, 1960

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

Second report of standing committee on external affairs—Mr. Lennard.

NATIONAL DEFENCE

ANNOUNCEMENT OF NEW CHAIRMAN OF CHIEFS OF STAFF

Right Hon. J. G. Diefenbaker (Prime Minister): The house will recall that on January 20 I announced the retirement of General Charles Foulkes as chairman of the chiefs of staff. It has now been agreed that the general's retirement will take effect on May 31 and that Air Marshal F. R. Miller, at present deputy minister of the Department of National Defence, will be appointed chairman of the chiefs of staff, effective June 1.

Air Marshal Miller previously served in senior appointments in the air force and at SHAPE in Paris before he received his appointment to deputy minister in August, 1955. Air Marshal Miller will be reappointed to the air force on May 31 to take up his new appointment on June 1.

Hon. L. B. Pearson (Leader of the Opposition): It is, I know, not customary for us on this side to comment on government appointments and on retirements from the public service, but in view of General Foulkes' very long and distinguished service as chairman of the chiefs of staff committee perhaps I may be permitted to express our gratitude for that service and our regret at his retirement, along with our very best wishes to Air Marshal Miller who has been chosen to succeed him. I know from his past record of achievement that Air Marshal Miller will be a very worthy successor to a great Canadian public servant.

Mr. H. W. Herridge (Kootenay West): On behalf of this group I want to support the remarks made by the leader of the official opposition with respect to General Foulkes and with respect to the appointment of his successor.

Mr. Diefenbaker: So there may be no misunderstanding may I say that I have already paid tribute to General Foulkes and am naturally in agreement with what the Leader of the Opposition has said.

79951-0—210

EXTERNAL AFFAIRS

COLOMBO PLAN—STATEMENT ON AID TO PAKISTAN

Hon. Howard C. Green (Secretary of State for External Affairs): I have a short statement to make concerning Canada's Colombo plan aid program in Pakistan.

The house will be interested to know that under the 1959-60 Colombo plan capital aid program, Canada has agreed to make available to Pakistan $15 million, which will be used to provide Canadian commodities and equipment requested by the Pakistan government to help it carry forward its economic development plan. This $15 million will be used for the following purposes:

$3,730,000 for the provision of industrial metals including tinplate, aluminum, steel and sheet metal which are required to maintain a satisfactory level of industrial activity and employment in Pakistan's metal-working industries;

$3,650,000 for the provision of wheat to meet food shortages;

$3,010,000 for the provision of fertilizers which will be used to help Pakistan meet one of its most urgent problems, the increased production of food;

$60,000 to be used to carry out economic and engineering studies on a number of new capital projects which Pakistan has requested Canada to consider;

$4,550,000 will be set aside for allocation to new projects which are under consideration at the present time.

In addition to these capital aid allocations Canada is continuing its program of technical co-operation in Pakistan as part of its over-all Colombo plan program for south and south-east Asia.

Mr. G. J. McIlraith (Ottawa West): I am sure the house will be pleased to hear this announcement of the continuance of Colombo plan aid to Pakistan and will be, generally speaking, in accord with it. I am glad to observe that the minister is continuing the course of adhering to the purpose of the Colombo plan in trying to divert any expenditure for this purpose to technical assistance and capital works which will increase the productive capacity of the receiving countries and their ability to help themselves.

I notice there is one item included of $3.65 million for the purchase of wheat. I presume there will be counterpart funds set aside, so

that to the extent that there is a deviation from the original Colombo plan it will be made up in large part through the technique of counterpart funds. I recognize that this is probably their wish and that this is a proper method of handling it.

Mr. Green: That is the intention, Mr. Speaker.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, on behalf of a group that throughout the years has promoted policies for the assistance of the needy of the world, we naturally support the minister's announcement and were pleased to hear him make it. We are glad to see this application in international affairs of policies we have advocated for many years.

STARRED QUESTIONS

UNEMPLOYMENT INSURANCE FUND

Question No. 126—**Mr. Robichaud:**

What was the amount to the credit of the unemployment insurance fund as of March 31, 1960?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the estimated balance as at March 31, 1960 was $359,949,456.11, subject to final audit.

COMBINED MARINE AND AVIATION RADIO STATIONS, LAKEHEAD

Question No. 127—**Mr. Fisher:**

1. Has the Department of Transport announced a plan to combine Port Arthur marine radio station with lakehead aviation station?
2. If so: (a) when does the project get under way? (b) what is the completion date? (c) what is the estimated capital cost of the project? (d) how many employees will be required? (e) what is the exact location of the station?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the answers to the first and second questions are given together. Literally, the answer to this question is no, since no Department of Transport announcement has been made. However, a possible combination of the lakehead marine and aeradio operations is under departmental consideration as a means of providing increased efficiency and economy of operation. Details have not yet been worked out because no final decision has been taken.

U.S. DEFENCE PRODUCTION SHARING—CANADIAN AUTOMOTIVE PARTICIPATION

Question No. 128—**Mr. Martin (Essex East):**

1. Which Canadian automotive manufacturers have evinced an interest in participating competitively in United States defence programs under the defence production sharing program?
2. Have any Canadian automotive companies received invitations to bid from major United States defence contractors?

[Mr. McIlraith.]

3. If so, what Canadian automotive companies have received invitations to bid on such contracts?
4. Have any of them been successful? If so, what are the names of the successful Canadian bidders?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, the answers to the above four questions are as follows:

1. The following automotive manufacturing companies included in the Canadian motor vehicles industry as defined by the dominion bureau of statistics have indicated an interest in the Canada-United States defence production sharing program: Chrysler Corporation of Canada Limited, International Harvester Company of Canada Limited, Canadian Car Company Limited and Hayes Manufacturing Company Limited.

2. Yes.

3. International Harvester Company of Canada Limited.

4. International Harvester Company of Canada Limited.

TAX RENTAL PAYMENTS AND ABATEMENTS TO PROVINCIAL GOVERNMENTS

Question No. 129—**Mr. Pickersgill:**

1. What was the total amount of tax rental payments and tax abatements to all the provincial governments in the fiscal year 1956-57?
2. What was the total amount of payments and tax abatements to all the provincial governments under the federal provincial tax sharing legislation in the fiscal year 1957-58?
3. Was any part of these payments or abatements in 1957-58 authorized by legislation enacted after June 21, 1957, and, if so, how much and under what legislation?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the answers to the above three questions are as follows:

1. $523.3 million.
2. $628.9 million.
3. No.

AUTAIR HELICOPTER SERVICES—AIRCRAFT ACCIDENTS, 1959

Question No. 130—**Mr. Chevrier:**

1. Did Autair Helicopter Services Limited, have any accidents with its aircraft in 1959?
2. If so, how many such accidents and what was the nature of each?
3. What aircraft were involved?
4. Did the accidents result in partial or complete write-off of these aircraft?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the answer to part 1 is yes.

The answer to part 2 is four, as follows:

(a) CF-KMV, Bell 47G2, 10 miles from lake la Bouille, Quebec, on 25 February 1959; the right ski sank in the snow on landing and the aircraft rolled over.

(b) CF-KMX, Bell 47G2, lake Gaillard, Quebec, 7 March 1959. While attempting takeoff the helicopter nosed over and crashed.

(c) CF-KMW, Alouette II, Labrieville south, Bersimus 2, Quebec, 13 May 1959. On takeoff, uncontrollable vibration attributed to ground resonance was set up and the aircraft crashed.

(d) CF-KMN, Bell 47G, northern Quebec, 10 July 1959. The helicopter experienced a sudden loss of lift and crashed to the ground.

Part 3 is answered by the answer to part 2.

The answer to part 4 is yes, as follows:

(a) CF-KMV, substantial damage.

(b) CF-KMX, substantial damage.

(c) CF-KMW, complete write-off.

(d) CF-KMN, substantial damage.

All involved partial write-off since major components were destroyed.

AUTAIR HELICOPTER SERVICES—AIRCRAFT ACCIDENTS, 1960

Question No. 131—**Mr. Chevrier:**

1. Did Autair Helicopter Services Limited have any accidents with its aircraft in 1960?
2. If so, how many such accidents and what was the nature of each?
3. What aircraft were involved?
4. Did the accidents result in partial or complete write-off of these aircraft?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the answer to part 1 is yes.

The answer to part 2 is two, as follows:

(a) CF-KMX, Bell 47G2, Veza lake, Quebec, 15 January 1960. A cargo net slung below the aircraft snagged on fallen trees during landing, causing the aircraft to crash.

(b) CF-IKS, Bell 47G2, owned by Western Helicopter Limited and operated by Autair, northeast Quebec, 9 April 1960, was reported as a crash during a forced landing due to control difficulties.

Part 3 is answered by the answer to part 2.

As to part 4, one was considered a write-off. All sustained substantial damage which would be partial write-off since major components were destroyed.

AUTAIR HELICOPTER SERVICES—INSURANCE CANCELLATION

Question No. 132—**Mr. Chevrier:**

1. Did Autair Helicopter Services Limited ever have its insurance cancelled?
2. If so, how often?
3. For what reason?

Hon. George H. Hees (Minister of Transport): The answer to parts 1 and 2 is yes, on two occasions.

With respect to part 3, the insurance underwriters did not give any reason.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ST. LAWRENCE SEAWAY—OFFICIAL OPENING EXPENDITURES

Question No. 338—**Mr. Cardin:**

1. What was the cost to Canada of the ceremonies surrounding the official opening of the St. Lawrence seaway on June 26, 1959?
2. What was the cost to Canada of the reception given by the Prime Minister and held in Montreal in connection with the opening of the St. Lawrence seaway?

REPRESENTATIONS ON FEED GRAIN—RECLASSIFICATION OF SOYA AND WHITE BEANS

Question No. 346—**Mr. Martin (Essex East):**

1. Has the government received representations for a federal subsidy to assist in shipping and selling wheat and corn as feed grain?
2. If so, from whom have such representations been received?
3. Has the government received representations for a reclassification of soya beans and white beans as grain, in order to benefit from lower shipping rates?
4. If so, from whom have such representations been received?
5. What was the nature of the reply to such representations in each case?

COMMONWEALTH RELATIONS

APARTHEID—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I rise at this time to beg leave to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the threat to relations of confidence and friendship between members of the commonwealth caused by the policy of apartheid.

The importance of this subject does not, I think, have to be emphasized by me; it is reflected in the interest and concern felt throughout the country, which has been demonstrated. The urgency of the matter, Mr. Speaker, is I think underlined by the fact that the Prime Minister will be leaving tomorrow morning to attend a commonwealth prime ministers' meeting in London, and I would think it might be desirable for the Prime Minister to have the views of the house on this matter before he goes to London.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, if I might speak for a moment on this, I am leaving tomorrow. The subject is one that is of general interest and urgency, and I would appreciate very much the opportunity of hearing the views of the house on this subject. Therefore there is no objection whatsoever to the motion moved by the Leader of the Opposition.

Apartheid Policy in Commonwealth

Mr. Speaker: Shall the Leader of the Opposition have leave to move the proposed motion?

Some hon. Members: Agreed.

Mr. Pearson: Mr. Speaker, I move this motion for the purpose of initiating a discussion of a matter which as I have said I think is of great importance, interest and concern to the Canadian parliament and people, and a matter on which the views of the house should be made known before the Prime Minister—

Mr. Speaker: In case the exact motion before the house might be overlooked, I think I should put it before the hon. member continues his speech. Moved by Mr. Pearson that the house do now adjourn.

Mr. Pearson: As I was saying, Mr. Speaker —and I apologize for not having given you an opportunity to put the motion—I think it is desirable, as the Prime Minister has already indicated, that the views of the house on this matter might be made known to him and the government before he departs for the commonwealth prime ministers' conference in London.

Before dealing with this matter in the context of the commonwealth, perhaps I may be permitted on behalf of the official opposition —as this will be the last opportunity before he leaves—to convey to the Prime Minister our good wishes for his mission and our best hopes for a happy and successful sojourn in London.

Along with that wish we express our hopes that this conference, to which I know the Prime Minister will make an important contribution for Canada, will result especially at this time, as other commonwealth conferences in the past have resulted, in strengthening good and constructive relationships within the commonwealth so that the members of the commonwealth may continue to play an even stronger and more constructive part for peace in the world.

I understand, though I have no official confirmation of the fact, that the Secretary of State for External Affairs (Mr. Green) will be leaving with the Prime Minister to attend a meeting of the NATO council in Turkey, I believe. If that is the case I should like to include him in our good wishes for a successful and profitable journey. I am sure the deliberations of the NATO council at this particular time will be as significant as on any occasion in the past. It is of great importance to all of us that these deliberations should result in strengthening NATO and trying to work out a common NATO policy on the eve of the summit conference. I hope—indeed, I know—that the minister will do his part at this NATO council meeting to bring about that result.

I am sure the commonwealth meeting in London will not only be an important one, but in the circumstances of today perhaps in some ways it will be an uneasy and even difficult one. The commonwealth has, of course, faced its difficulties before now and surmounted them. I believe this will be the first meeting of commonwealth prime ministers since July, 1957, and in view of the complexity and difficulty of the subjects which will face the prime ministers perhaps our own Prime Minister may conceivably have changed his mind, as expressed on one occasion, that there should be a meeting of commonwealth prime ministers every year if practicable, I think he added, which is an important addition.

The value of the informal character of these commonwealth prime ministers' conferences—and I stress the word "informal"—is admitted, especially by anyone who has had the privilege and responsibility of taking part in them. Very often they have no specific agenda at all or in the sense at least that controversial subjects are rarely put on any agenda unless they are agreed to in advance. But whatever may be the nature of the formal agenda or lack of it, informal discussions customarily do take place at meetings of this kind on the most controversial and difficult subjects; and they can be, of course, and in the past have been on more than one occasion, the most important discussions that take place.

It seems to me, Mr. Speaker, that recent developments in South Africa make it desirable and, indeed, I should think make it inevitable that, whatever may be the nature of the formal agenda, at least informally and perhaps in a very important way these developments should be considered. I agree, Mr. Speaker, that based on the experience of the past, it would be a mistake to formalize agendas at meetings of this kind; but I think it would even be a greater mistake at this time not to take advantage of the opportunity of exchanging views informally on this and every other matter of interest, however controversial, to the member governments and member peoples of the commonwealth.

The effort to formalize and organize the commonwealth itself through centralized institutions would have prevented its development at all and, if it had been persisted in, I think might well have resulted in its disappearance in its present form. There were those in this country and in other countries who, with the very best of intentions and desires, sought that kind of commonwealth growth. However, I think it is

fortunate for the commonwealth that any effort in that direction was not successful. If such an effort in the twenties and early thirties—and I am talking now about centralizing and institutionalizing the commonwealth—was not successful, it would be, of course, quite impossible now because of the very nature of the membership, with governments having different foreign policies and indeed very different international commitments. So the commonwealth today is a close and family association without the binding commitments which it sometimes undertakes through formal treaty obligations.

There have been great changes, of course, in this association. There have been changes from the old British empire to the first British commonwealth brought about in the twenties and sealed by the Statute of Westminster in 1932, I think it was. There were changes from the first British commonwealth of nations in the thirties to the second commonwealth of nations which developed after world war II. Indeed, the shrinking of the old British empire into the present commonwealth in a sense represents its greatest achievement; for out of this empire, have peacefully emerged by evolution those free nations which make up our new and enlarged commonwealth today. That emergence has taken more than one form and has expressed itself in more than one way. It is well that we should be clear about this matter as the commonwealth faces perhaps some difficult problems in the days ahead.

Some of the members—Canada, Australia and New Zealand—have grown from colonies to independent states, with strong ties of race, sentiment, history and heritage still linking them to the mother country long after they have achieved full self-government. But other nations of the commonwealth have an entirely different historical basis for membership in this association. South Africa, which is very much in our minds today, became a member out of its defeat in war and out of British magnanimity and statesmanship in victory. India, Pakistan, Ceylon and Malaya were British colonies but with old cultures and civilizations of their own, anteceding those indeed of the mother country itself. These ancient nations and modern colonies and now independent states—and we sometimes forget this—learned a great deal from the British. They learned of the rule of law, even-handed justice, fair dealing, administrative and governmental order and methods. Indeed, it was the British, even though they may not have been very conscious of it at the time, who also gave them a sense of national consciousness which, in some cases, they had never possessed before. It was on this basis that their freedom developed.

There is also now a native African member of the commonwealth, and very soon there are likely to be others along with a West Indies federation and perhaps a Mediterranean island. Their peoples have never in the past had a cohesive national identity or a continuous national story as we understand it, but they have nevertheless now become independent, indigenous states with only in some cases a few white Britishers to recall the previous political connection with Whitehall.

All this means that there has been a fundamental change from empire to commonwealth, and there has been an equally important change from old commonwealth to new commonwealth. It is this new multiracial commonwealth which exists today, representing every clime, every religion and almost every culture. Four fifths of the people who make up this new commonwealth are Asian, a fact which has an important bearing on the troubles in South Africa. This new commonwealth includes the second most populous country in the world and the second most populous Moslem state. It represents three of the ancient civilizations of mankind, namely Judeo-Christian, Hindu and Islam. Inside it there are four monarchies by choice and conviction. There are three nations that have stated their intention of becoming republics. There are two that actually are republics and there is one, an elected monarchy, where the local monarch—and I am referring to Malaya—accepts another monarch in London as the head of the association. It must seem all very confusing to any logical student of political forms and organizations, but in its way it works. It has worked well in the past, and we hope it will work even better in its new sphere in the future.

The commonwealth has adjusted itself pragmatically and on the whole gracefully to a long series of changing circumstances. Yet it would be folly—and I hope the Secretary of State for External Affairs will not accuse me of being pessimistic when I say this—to become complacent about what has been done or to assume that this beneficent progress must inevitably and automatically continue. There is no certainty today that it will do so, although we hope it will. It would also be foolish to try to obscure the new problems facing us in a haze of patriotic oratory. As the United Kingdom prime minister himself said on his return from Africa, I think

it was about the end of January—and I quote from the press report of a statement he made on his return:

> We mustn't take the commonwealth for granted. We could easily break it up or throw it away.

There are undoubtedly difficulties ahead and Africa has shown that they can develop into dangers for the commonwealth association. But there are also opportunities for even greater service of this multiracial association; to its members and to the world—

I therefore think, and I am sure all members in the house will agree with me on this matter, that it remains an important objective of Canada's policy to help avoid the dangers ahead and to help realize the full opportunities of the commonwealth association. It should be a privilege for any Canadian to work for the maintenance and strengthening of this commonwealth of nations as a strong force for peace, security and progress in the world of 1960.

Mr. Speaker, there is one particular and special difficulty very much in our minds, which is referred to in this resolution, which confronts us and the commonwealth today. That is the policy of apartheid in the Union of South Africa. I am sure that difficulty will be very much in the minds of the commonwealth prime ministers when they are in London, as it is also in our minds in this parliament today as well as in the minds of the people of Canada.

Apartheid is a policy founded on racial segregation, on racial discrimination, on racial privilege on the one hand and racial inferiority on the other. Any person who has any affinity at all with liberal views—and I use the word "liberal" with the smallest of "l's"—must protest against that kind of policy wherever it might be found in the world, especially if it were found in any of its aspects in our own country. Because it is a policy of differentiation based on race and colour. It is a policy of separate development, and it has been applied in South Africa in a strict, determined, and I believe narrow way. It is a policy particularly offensive to the other members of the commonwealth, especially those in Africa and in Asia who make up four fifths of the people of this association.

This question of apartheid has over the years been before the United Nations for international consideration. So far as the period during which I, as a member of a government, had some responsibility is concerned, I recall that the Canadian delegation at the United Nations joined other delegations in condemnation of the policy of racial discrimination but were cautious about condemning South Africa itself. In those earlier years we hoped that more liberal trends, more liberal policies and more liberal people, if you like, in South Africa would get stronger in their influence and that the South Africans themselves would remove any legitimate causes of international complaint.

We feared in those days that outright and formal condemnation of the South African government, quite apart from any special problem or difficulty arising out of the commonwealth association, would weaken rather than strengthen these liberal forces by rallying all white South Africans behind their government and its policy in the face of attack from outside, because that kind of attack by condemnation from outside very often has that effect inside. We hoped, then, that Canadian and other commonwealth influences could be used as opportunity offered to impress on South Africa that the policy of apartheid was wrong, that it could not succeed; that it was hurting South Africa itself and should be changed. Any such intervention or friendly pressure of that kind would of course have been made difficult then, if not impossible, by supporting outright strong and formal condemnation of South Africa itself at the United Nations.

Mr. Speaker, whatever may have been the situation earlier, whatever may have been the considerations which at that time seemed to prompt caution, whatever may have been our hopes in those days, in the light of later developments, recent developments especially, it is surely no longer possible to refrain from speaking out; because these recent developments have shown depressingly and conclusively that the hoped for evolution in the right direction has not been taking place. Indeed, these most recent developments, have confirmed among other things, what was becoming increasingly evident, that South African policy was moving, if it were moving at all, in the wrong direction.

So there was bound to be violence, and it culminated in the tragedy of Sharpeville, an event that shocked the conscience of the world; at least that part of the conscience of the world which has the right to express itself in freedom. That tragedy and subsequent events, as I have already stated outside this house, should cause dismay and distress to us all.

Now, Mr. Speaker, this matter has been referred to during this session. It was brought up on January 29 by my hon. friend the hon. member for Essex East (Mr. Martin), who, dealing with apartheid, asked the Prime Minister, as reported on page 491 of *Hansard*, whether he did not think, in view of the character of these meetings—that is, the commonwealth meetings in London, with their

secrecy—that this was among the kind of questions that should be discussed, as they have been discussed, among the prime ministers of the commonwealth.

This question was referred to later, on February 11, by myself, when I had this to say as reported on page 983 of *Hansard:*

I do not think anybody in this house, certainly nobody in this party, would wish to take any course of action which would drive South Africa out of the commonwealth, but we surely do not wish to see a course followed by South Africa which will drive four fifths of the people in the commonwealth outside the commonwealth.

Then on March 23 I asked the Prime Minister whether, having had an opportunity to examine the reports from South Africa, he could express the distress and dismay of this parliament at the violence which was used in South Africa in measures taken in connection with a coloured demonstration against the racial policies of the South African government, which violence resulted in such tragic loss of life. The Prime Minister replied that he had not received the report he had requested through diplomatic channels, and that until he had done so he thought it would be inappropriate to make any statement except to reiterate the fact—and I here quote from *Hansard,* page 2349—

—that we deplore the development of a situation which has given rise to such tragic violence and loss of life.

Then on March 25 I asked the Prime Minister whether he had received the report in question and whether he had any statement to make. He replied, as reported on page 2448 of *Hansard:*

The conclusion of the government is that at this time no beneficial purpose would be served by diplomatic protests or by even more extreme measures to intervene in this tragic situation.

Then on March 31 I asked the Prime Minister whether he would instruct the Canadian representative in South Africa to inform the South African government of the alarm and distress of this parliament at political developments which had led to such violence and might lead to anarchy. The Prime Minister replied that the views that had been expressed in this chamber in recent days had been made known to the representative of South Africa in Ottawa.

Then on April 1 I asked the Prime Minister whether he would make provision to express the views of this parliament through a resolution on the policy of apartheid, and provision has now been made for a discussion of the matter.

Mr. Speaker, I think one of the first questions we should ask ourselves as we discuss this matter is this. Have we the right in the Canadian parliament to intervene and express our views and have those views made known to the government of South Africa? I think we have not only that right, but now we have that duty.

It has been suggested in some quarters that if the governments of the commonwealth took irresponsible or drastic or strong action it might drive South Africa out of the commonwealth. Certainly that is not the purpose of anything I am saying today, and I hope it is not the purpose of any hon. member of this house. But we cannot refuse to face the situation—it is one which, I hope, will not materialize—that South Africa may drive herself out of the commonwealth by forcing a choice between her policies and the views of other members. I read only this morning a report from Kuala Lumpur in Malaya which underlines this danger. Perhaps this is the kind of danger which the prime ministers' conference to be held in London may be able to avoid. Before he left for London the Prime Minister of Malaya, with the unanimous support of his parliament, said he was going to raise this question in London, and he added these words which I quote from a Reuters dispatch:

If South Africa chooses to get out of the commonwealth as a result of my actions, then I say "good riddance".

That, surely, is the sort of thing which the right kind of intervention by the parliaments of the commonwealth could perhaps prevent rather than bring about. Therefore the purpose of this intervention on my part is to express my own views and the views of my party on this matter in the hope that this kind of expression and intervention may help to correct the situation in South Africa which, if it is not corrected, may have the worst kind of result for the commonwealth association.

Our Prime Minister is reported as having said toward the end of January of this year to a delegation of the Canadian Labour Congress—and I quote from the press report—

The essence of the commonwealth is the independence of its members. I ask you what would be our reaction in Canada if some other part of the commonwealth were to criticize us.

Up to a point I agree entirely with that. We have to be careful and responsible before we indulge in idle criticism of not only other members of the commonwealth but other friendly states. But surely this situation in South Africa now has gone beyond the point of no criticism.

Mr. Diefenbaker: I do not want to interrupt the Leader of the Opposition, but I would point out that the suggestion made in the representations by the labour congress was

that South Africa, if it failed to act in a manner suggested, should be put out of the commonwealth.

Mr. Pearson: I remember that. It came up in the house, and the Prime Minister made it clear he would not subscribe to any purpose or action of that kind. I think I have already indicated my agreement on that point. Now the Prime Minister of the United Kingdom, who is as responsible and careful in these matters as, I think, any leader of a government could be, speaking in Capetown to the South African parliament itself in January of this year had this to say—perhaps I may quote from what he is reported to have said—

> In this shrinking world in which we live today, the internal policies of one nation may have effects outside it. We may sometimes be tempted to say to each other, "Mind your own business". But, in these days, I would myself expand the old saying so that it runs "Mind your own business, but mind how it affects my business, too."
>
> Let me be very frank with you, my friends—

Remember, he is talking to the South African parliament.

> As a fellow member of the commonwealth, it is our earnest desire to give South Africa our support and encouragement, but I hope you won't mind my saying frankly that there are some aspects of your policies which make it impossible for us to do this without being false to our own deep convictions about the political destinies of free men—

That was a courageous statement, particularly in view of the fact that it was made in South Africa. Thus, I say, we have not only the right but the duty to criticize, publicly dissociate ourselves from and, indeed, protest against the apartheid policies of the government of South Africa.

The correspondent of the London *Observer* in Johannesburg had this to say on April 23—last Saturday—and I quote from his report:

> The recent crisis has been settled in a way that takes South Africa closer to revolution; it has now entered a shadowy period of complete uncertainty. This is the moment for constructive international influence to make itself felt—
>
> It is no longer possible to argue that what happens in South Africa is not a threat to world peace. It is most decidedly so, and the west should act accordingly.

Certainly domestic violence in that part of the world can become a threat to international order and international peace; and any policy of white supremacy, colour discrimination and race segregation based on the doctrine of apartheid is bound to result in violence. Perhaps I might be permitted to quote what I said on this point outside the house. I said:

> Such a policy can only lead to tragedy which will engulf the white minority as well as the coloured majority. It may lead even to anarchy. The South African government should know how Canadians feel about this.
>
> [Mr. Diefenbaker.]
>
> In taking our stand against these policies and the principles on which they are based, we in Canada have no reason to be smug or superior. It would be hypocritical on our part to praise ourselves that we are not as other men: if we had faced conditions that other people have had to face, who have racial problems that we know nothing of, our record might not be as good as it is.
>
> Our country is not twisted by discords of the past or torn by racial enmities handed down as part of history. We have few of the national prejudices and ancient grudges that, in other and older countries, maintain and foster enmities and suspicions. But who can say that we are free from intolerance and discrimination and bigotry?
>
> So let us avoid any trace of smug holier than thou superiority—nevertheless, it is true—and we have the right to say it—that any governmental policy in any country which is based on racial superiority or discrimination will not succeed but in time will lead only to disaster.
>
> No government, no nation, can have security, peace and progress in the future which bases its policy of the present on these false, wrong and evil assumptions.
>
> We Canadians have the right, and indeed the duty, to condemn strongly and clearly what we cannot approve, remembering that condemnation of these things in other countries will have a hollow ring if we permit them in any shape or form at home.

So our condemnation, our protest, must be constructive and even understanding, and not merely captious and emotional. I do not pretend to know very much about South Africa. Indeed, I know very little except from what I have been able to read and study; but surely any student of history, ancient or contemporary, is bound to come to the conclusion that there must be a change in South African policy before it is too late or the events of recent weeks will be nothing to what will happen in the months ahead. The winds of change are blowing in that part of the world and those who do not recognize this will be blown away. Time surely is not on the side of the white South Africans in this matter any more than the facts and the tides of contemporary history are on their side. What may have been possible, even if it were not right, 50 years ago is now neither right nor possible.

There are deep, dark forces at work which may soon sweep away the chances of any settlement based on reason and justice. This becomes more likely as the moderate, reasonable and more experienced non-white leaders in South Africa—along with white leaders of the opposition to apartheid—are now being jailed. All history shows that in these circumstances there is only one result; the forces and the leaders of extremism and of violence take over even though they may temporarily be driven underground. There are also, no doubt, externally controlled subversive elements present in South Africa who are happy to exploit the situation and happy to see the South African government make easier their task.

Back in 1909 when the British House of Commons was considering the bill to give South Africa self-government as a union—that bill and that action was a great tribute to the magnanimity and farsighted wisdom of Great Britain—a Liberal member of that day—I think his name was Mr. Byles—had this to say, and I quote from the *Hansard* of that time:

> A gulf, a widening and dangerous gulf is being fixed between black and white. Some day they will hear the call of their blood.

That call is becoming a cry as blood is being shed. In that poignant, moving story of South Africa by Alan Paton, "Cry, the Beloved Country", which no doubt many hon. members have read, the author has one of his characters say:

> I fear that when we whites learn to love you Africans, you will have learned to hate us.

How can there be any other result if a government in 1960 insists with obstinate determination, yes, with a fierce sincerity, and even in some cases with religious conviction, on applying the policies of apartheid to three quarters of its people, at a time when the universal declaration of human rights has been accepted by all governments as a solemn commitment and by all peoples as their due. In these unhappy circumstances this house has a right and, I repeat, a duty to make its views known clearly and strongly, but with responsibility. I give these views as I see them in the hope that they may commend themselves to the house, and I summarize them as follows. We deplore and protest against the policy of apartheid of the government of South Africa under which persons because of race and colour are denied by law human rights and fundamental freedoms. We have watched with anxiety and dismay this policy lead to arbitrary arrests and detentions without trial, to unrest and violence. We believe that its continuance seriously threatens those relations of confidence and friendship which are necessary for any continued and constructive association between members of the commonwealth.

We are convinced that peace and order in any country can in the long run be secured and maintained only on the basis of freedom and non-discrimination and on full respect for the dignity and worth of all men, whatever their race, colour or creed.

I venture to express the hope that the Prime Minister (Mr. Diefenbaker) when he goes to London may see fit to make known views of this kind or views which may be more appropriately expressed than the way in which I have tried to express them, not only to the delegate of South Africa but to all the members of that conference as representing the views of this parliament of Canada and that he also may see fit to send views of this kind directly to the South African government through the diplomatic channels.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, before proceeding to deal with the motion which is before the house may I take the liberty of thanking the Leader of the Opposition (Mr. Pearson) for the good wishes he extended to me in respect of my trip to the NATO foreign ministers' meeting in Istanbul, Turkey at the commencement of next week. It always helps a great deal, as I am sure that hon. gentleman found by experience, to be able to go to these meetings feeling that one has behind him the encouraging thoughts of his fellow members of parliament. I am very hopeful that some worth-while progress will be made during the course of these meetings.

In addition to the ordinary NATO meetings there is to be a meeting of the five foreign ministers of the western countries which are members of the ten-member disarmament committee, for the purpose of preparing the case on disarmament for the chiefs of state and heads of government who will represent the west at the summit meeting on May 16. This particular work, too, is of great importance and I am hopeful that one result will be that more progress will be made in the field of disarmament during the weeks that lie ahead.

The subject under discussion today is one which has touched the emotions and the consciences of all Canadians very deeply. In the heat of political statements there have been some suggestions made that the members of the government are not as much concerned and upset about this problem as they might be. In this connection I should like to refer to a statement made by the hon. member for Assiniboia (Mr. Argue), house leader of the C.C.F., when speaking in this house on March 25, 1960 as reported at page 2453 of *Hansard*. The hon. member said:

> From my associations with hon. members opposite and from the public statements of the Prime Minister and the Secretary of State for External Affairs I can say that I know of no one in this chamber who condones what is being done in South Africa.

The Leader of the Opposition has taken that same position in his remarks this afternoon and that is an accurate statement of the feelings of every member of parliament sitting here today.

Unfortunately there have been quite violent criticisms of the Prime Minister (Mr. Diefenbaker) on this point and I have found them very difficult to understand because throughout his whole career in public life he has been against discrimination of any kind.

Apartheid Policy in Commonwealth

May I say on this point, too, that I do not think there is a member in the house who believes down in his heart that the Prime Minister of Canada is not frightfully disturbed about this South African question and just as strongly opposed to discrimination of any kind as he has been throughout his career. This had been shown during the course of the last three weeks right here in the house. I would refer, for example, to the first occasion when the question was raised, which was on March 22. I am reading from page 2299 of *Hansard*. The Prime Minister had this to say:

> The attitude of the Canadian government has been made clear on more than one occasion, that anything in the nature of racial discrimination is not regarded favourably and is indeed condemned.

On March 23, in answer to a further question, he said this, and this particular extract was read by the Leader of the Opposition in the course of his speech a few moments ago. I am reading from page 2341 of *Hansard*:

> It would be inappropriate to make any statement, except to reiterate the fact that we deplore the development of a situation which has given rise to such tragic violence and loss of life.

Two days later, on March 25, the Prime Minister said, and I am quoting from page 2448 of *Hansard*:

> I have already made it clear on numerous occasions that the government has no sympathy for policies of racial discrimination and that we deplore the development of a situation which has given rise to such tragic violence and loss of life.

There were further similar statements, one in particular on March 31, when the Prime Minister was being questioned by the Leader of the Opposition, and I am quoting from page 2641 of *Hansard*:

> The house will be aware, from the statements I have made in this house since the recent disturbances began, of how profoundly the government regrets and deplores the tragic situation which prevails in that country.

The Prime Minister was referring to South Africa. I continue:

> I should add, too, that the views that have been expressed in this chamber in recent days have been made known to the representative of South Africa in Ottawa.

I can vouch for that latter statement, as I had made those views known myself to the acting high commissioner for South Africa. Then, on April 11, after Mr. Norman Phillips, Canadian newsman, had been arrested in South Africa, the Prime Minister had this to say, as found at page 3087 of *Hansard*:

> The matter was taken up with me, acting in the absence of the Secretary of State for External Affairs, and as a result the Canadian high commissioner was instructed to inform the South African government that the arrest and detention of Mr. Phillips could not but add to the widespread public indignation already felt in Canada at the measures which had given rise to recent violence and loss of life in South Africa.

[Mr. Green.]

Those representations were made by the Canadian high commissioner in South Africa to the minister of external affairs of that country. Perhaps I might point out that as a result of those representations Mr. Phillips was released; an act which brought comment in the British House of Commons to the effect that the Canadian government seemed to have a good deal more ability to get Canadian newsmen released than was the case with the British government in its dealings concerning their newsmen who were in difficulties.

These steps have been taken; these protests have been made, and yet three days ago the national leader of the C.C.F., Mr. M. J. Coldwell, for whom we all have the greatest respect, is reported as stating this in Vancouver:

> We've heard so much about human rights and fundamental freedoms from our present Prime Minister.
>
> Yet when these human rights and fundamental freedoms are being fought for and people are being put to death in the fight for them, all we have from our present Prime Minister and our government in Ottawa is silence.

I suggest, Mr. Speaker, that this statement was far from fair; it was completely inaccurate and misleading and could only have one effect, namely to stir up the Canadian people unjustly and try to convince them that their Prime Minister and their government did not care at all about what was happening in South Africa, and had cared so little that nothing whatever had been done to try to remedy the situation.

I do not mind criticism at all, but I ask hon. members with respect to the stand taken by Mr. Coldwell, what would they have the Canadian government do? What more could we have done short of withdrawing our high commissioner from South Africa, and would that have been the slightest bit of help in getting this very difficult problem solved?

It might be wise to consider the attitude taken by Mr. Hammerskjold, the Secretary General of the United Nations, and a great world statesman. As you know, Mr. Speaker, some weeks ago the security council passed a resolution which condemned the Union of South Africa. Mr. Hammarskjold, of course, then had the responsibility for doing something about the resolution but he did not run around the world making statements which could only incite people. In his effective way he has been able to arrange to have a conference with the foreign minister of South

Africa, and possibly other ministers, in London on May 12; and, furthermore, to visit South Africa himself during the month of July.

I do suggest that a similar attitude might be adopted in Canada. Extreme views on this question or on any other difficult question never help very much, and surely this is not the Canadian way to carry on. It is not the Canadian way to go to extremes of one kind or another. The reputation we have among the nations of the world is a reputation for a cool-headed attitude, and not for rushing off after this mirage or after that mirage and getting all excited and making fantastic statements.

I turn again in this connection to the same speech made by Mr. Coldwell, and may I say that there is no one whom I dislike more having to criticize. According to press reports, he said at Vancouver in the same speech:

> The British commonwealth would be better off without South Africa . . . Withdrawal of South Africa from the commonwealth of nations would relieve the commonwealth of a terrific embarrassment.

In answer I would cite a statement made by another socialist public man, Mr. Nash, the Prime Minister of New Zealand. He said on March 31:

> There is no way to save a holocaust in South Africa except by quiet reasoned discussion.

The proper approach to this question was given again yesterday by Prime Minister Macmillan in the British House of Commons when he was being questioned on this subject. He said:

> All these matters are very much in our minds, terribly in our minds.

Mind you, although we in Canada think this problem is serious it is infinitely more difficult for the British.

> What we here have to try to do is to use this coming conference to make all the progress we can in these matters, to preserve the unity of the commonwealth, and to see how far, in the more intimate discussions that the prime ministers are able to have with each other, they can make some useful contribution to the problem. I would venture to ask members and the house as a whole to recognize the very heavy responsibility that lies on this country at the moment.

Then there was an interjection by Mr. Manuel, a Labour member, who said, "On the government". Mr. Macmillan went on to say:

> And on this government, in trying to steer in this most complicated question a wise course which will lead not merely to our priding ourselves on taking some outward action for which we can take credit, but which will lead to useful results on the lines along which we all want to see progress made.

These remarks, I suggest, set a very good standard for the discussions which will be taking place next week. It is worthy of note, Mr. Speaker, that even in South Africa there have been some hopeful developments. For example, the acting president of the cabinet, the Hon. Paul Sauer, said on April 19:

> We must create a new spirit which must restore overseas faith—both white and non-white—in South Africa.

That is a statement by the man who happens to be leading the South African government at the present time.

I believe it is a very fortunate thing that there is going to be a commonwealth conference at this particular time. The problems that face any such conference are difficult but I do not believe that a more difficult problem has ever had to be faced by the prime ministers of the commonwealth than the particular one we are debating today.

Canada is not in the position of being without influence in the commonwealth. Canada is in a key position. Our attachment to the commonwealth goes very deep. It is probably the strongest attachment held by the Canadian people. Here we have an organization of ten nations, with more coming in all the time. Nigeria will be the eleventh nation on October 1 and will come into the commonwealth club of its own free will because it wants to be a member of the commonwealth.

A few weeks ago Mr. Nyerere, the leader of the main party in Tanganyika, was in Ottawa. It is a party, by the way, which is composed not only of African natives but of the white and Asiatic settlers in that country. He said here on more than one occasion that when his country gets its independence—they hope to get self-government this fall although perhaps not independence for a year or two—they intend to ask for membership in the commonwealth. He said that there are two organizations to which they want to belong, one being the United Nations and the other the commonwealth. He said that the commonwealth only exists as a matter of friendship and for mutual help and that even the communists never complain about it. He said that they cannot complain because there is nothing they can find wrong with the commonwealth.

Here we have this commonwealth, a bridge between all of the continents, under the leadership of the British and with the help of the other members, launching new nations in a way which is not being done anywhere else in the world. It is true that France is now following this example but the British have set the pace in an admirable way in launching new nations. That process is only nicely begun. There will be more and more such nations as time goes on.

It would be a world disaster if the commonwealth were allowed to break up, but if

the extremists in Canada had their way and our Prime Minister and the other prime ministers went to London determined to make harsh statements and to demand violent action, how long does anyone in this chamber today think the commonwealth would last? This fact is recognized by the members of the commonwealth who have joined it since the second world war, by India, Pakistan, Ceylon, Ghana and Malaya. The statements made by the leaders of these countries on this very question, which touches them far more deeply than it does us and is far more serious for them, on the whole have been very restrained.

I suggest that we send our own Prime Minister to this conference next week with the feeling that the House of Commons and the Canadian people have confidence in him to do his part to work out this difficult problem.

These nine prime ministers and the foreign minister of South Africa—it is unfortunate that their prime minister cannot attend because of his disability—have the responsibility of dealing with this problem in such a way that progress is made toward the objective we have in mind of removing discrimination and of making certain that the commonwealth takes the right turn at this critical time in its history.

It can go on from now to make a far greater contribution in world affairs than it has ever made previously if good leadership is given during the next few days. May I suggest that we need have no fear about the future of the commonwealth being in safe hands at this conference in London.

Mr. Harold E. Winch (Vancouver East): This morning, Mr. Speaker, I was reading the Inaugural handbook of the Canadian national commission for UNESCO, I sholud like to introduce my remarks by two references from that handbook which is one of our own publications. On the first page, all by itself, I notice these words:

> Peace, like happiness, is a by-product of efforts directed to other proper ends; and the great advantage of concentration on immediate and worthy ends is that men of good will of all creeds and philosophies can join in them heartily.

Then on page 5 of this Inaugural Handbook I find the short, pithy opening speech that was given at the first conference of the Canadian national commission by the Prime Minister (Mr. Diefenbaker) of our country. He had this to say, and I quote from page 5:

> I saw something of the beginnings of the United Nations in San Francisco in 1945. I saw there the great dedication of the nations to the principles of peace in the world and to the achievement of a reasonable equality of economic and cultural opportunity in every part of the world.

[Mr. Green.]

We could not agree more with the two excerpts I have quoted from this handbook of our Canadian national commission. It is on the precepts of those two quotations that I want to make my remarks this afternoon. May I say, Mr. Speaker, that if time only permitted, every member of our C.C.F. group in this house would like to speak on this matter because we feel so deeply concerned about the situation and what it can mean, if allowed to develop, to the future prosperity and peace of the world.

We in the C.C.F. sincerely hope that as a result of our discussions this afternoon a message will come from this House of Commons appealing to all Europeans in South Africa to recognize the insanity of apartheid and the need to come to terms with the situation by being prepared to negotiate with the African leaders and not to jail them. We feel that we are expressing the opinion of the vast majority of the Canadian people in asking, through the medium of what we say today in this House of Commons, the Europeans in South Africa to come to terms with the situation before it is too late and not to continue with an unsound approach, one which is tantamount to dictatorship, in an attempt to suppress 11 million people because, in so doing, they are not only inviting disaster, in our estimation, but are inviting widespread violence.

We in this group feel strongly a deep sense of shock because of the ruthless and murderous use of armed force in South Africa in order to compel obedience of the native Africans to what can only be termed cruel and unjust laws as exemplified by the apartheid policy. It is now evident—or it should be—that the suppression of every form of opposition in South Africa is being carried out—and apparently is so intended—with force of arms without regard to the grave possibilities of still further loss of life in that country.

I feel certain that all of us in this House of Commons and all the people of Canada condemn the apartheid policy or one of any degree of racial separateness—I believe that is one of the other terms that is used—because it can only mean inhuman treatment of the native Africans. The apartheid policy is based—whether or not they will agree to it in South Africa I do not know—on the master race philosophy. That philosophy was repudiated by western civilization in the last world war and certainly it was repudiated in the establishment of the universal declaration of human rights.

The policy we are now discussing and with which we are so seriously concerned is not only villainous but is perilous in that it denies

to at least 10 million people in South Africa elementary freedoms and rights of citizenship in order to maintain the rule of the whites in South Africa. If my reading is correct, Mr. Speaker, more than half of the entire white population of the African continent is in South Africa; but in South Africa the whites are outnumbered by more than four to one. It therefore surely follows that the apartheid policy cannot be made to work without poisoning the whole continent of Africa and without causing a violent upheaval which, indications would lead us to believe, could endanger the whole world.

It is because of our feelings in this regard that we call upon, request and plead with the Prime Minister of Canada to raise this issue when he attends the commonwealth prime ministers' conference in London. We ask that the horror over recent events as felt by the Canadian people be fully expressed by the Prime Minister when he is at that conference. We feel certain that definite and pungent analysis and expression of our feelings on this matter by the Prime Minister will encourage those in South Africa who oppose the government's merciless and dictatorship policy.

At the same time may I on behalf of this group say that we also urge support of any action by the United Nations to mobilize world public opinion on the side of sanity and humanitarian principles in a stern reproof to the South African government. May we also add that we urge upon the Prime Minister and the Canadian government to offer as a humanitarian gesture an emergency measure to grant political asylum in Canada to the refugees from South Africa.

The Secretary of State for External Affairs (Mr. Green) spoke much of the British commonwealth of nations, and Canada of course is an important part of the commonwealth of nations. But I am afraid that it is not generally recognized that this British commonwealth of nations, of which we are so proud to be a part, is composed of a majority of nations the people of which have a skin pigment which is not white. The last census of which I have taken note gives a total population in the British commonwealth of nations of 629 million. Of that 629 million 500 million are non-white. Therefore, when the Secretary of State for External Affairs comes out with the exhortation which he did and the enthusiasm which he did—and I noticed the ceremony with which he did it—when a few moments ago he said what a world calamity it would be if the British commonwealth broke up, he should remember that 500 million of this 629 million in the British commonwealth are non-white.

This means that if you want to hold the British commonwealth together you have to hold together those countries which are non-white and which today are waiting very carefully what is taking place in South Africa, the policy of South Africa, and the attitude of the countries which are white in the British commonwealth toward the apartheid policy and the violence, dictatorship and suppression of freedoms which has resulted.

It would be logical and reasonable that those countries should look to us to find out whether democracy has a real and fundamental meaning. I believe I made mention when I spoke in the debate on the address in reply to the speech from the throne of the marvellous opportunity granted to yourself, myself and four others to go to Australia for the biennial conference of the commonwealth parliamentary association, where we met with the non-white members of the commonwealth; where we heard how they were disturbed at the discrimination between races and colours; where we heard of their disturbance at the policy of South Africa; and where we heard from everyone how they looked to Canada to give leadership, to take definite stands and to make its voice known and heard.

On analysis it is understandable that there are reactions and objections by the people of South Africa to what is taking place there under the policy of apartheid. From my own reading I was amazed to find that in a so-called democratic country of this world, a member of the British commonwealth, they have a pass system. And of course it is the pass system to which the African people look with abhorrence, recognizing it as a badge of absolute subjection. I think I am not far wrong when I say that it is against that pass system that the South Africans have been particularly demonstrating in the past few weeks. I gather from what I have been able to read that every African of the age of 16 years and over must hold a pass. Without that pass he cannot move into towns; he cannot obtain employment; and indeed, without that pass he is denied all freedom. If he is discovered without a pass he suffers a fine or imprisonment.

If that were not enough in a free country of the British commonwealth, look at the land system. It is a land system which discriminates against the African population. Less than 15 per cent of the land area in the Union of South Africa is allocated to three quarters of the population which is African. Over 85 per cent is allocated to the white minority of three million, and no African can hold freehold land anywhere in the Union of South Africa, even on the South African Bantu reserves.

It is a situation like that which causes us to view the position of the native Africans in South Africa in relation to the policy of apartheid of that government. The Prime Minister of Great Britain has been mentioned several times this afternoon by both the previous speakers. We have to admire the courage with which he spoke in South Africa and admire certain actions which have been taken since his return to the United Kingdom. We noted with interest an eloquent phrase which he used when he spoke in Capetown. He referred to the "winds of change". That is a very eloquent phrase. Africans in all Africa are feeling the winds of change, and this in South Africa no different from anywhere else.

As the Secretary of State for External Affairs mentioned, in some parts of the African continent the winds are blowing almost like a hurricane. They are blowing through Nigeria, which is going to become independent very shortly. They are blowing through the Belgian Congo, which is going to become completely independent on July 1. It is certainly understandable that the Africans in South Africa want the same rights and liberties as their brothers and cousins elsewhere on the continent and elsewhere in the British commonwealth of nations.

A great deal has been said by myself and the previous speakers about the British commonwealth of nations. Surely the basic principle of our commonwealth is the maintenance and furtherance of human rights and fundamental freedoms. One could wax very emotional about the commonwealth, but I think that fundamentally the maintenance and furtherance of human rights and fundamental freedoms is the basic reason for the continued existence of our commonwealth. If we believe that, then we in Canada have the responsibility to demonstrate by our speeches and our action this afternoon that we firmly believe that the commonwealth has a constructive purpose, namely to insist that the United Nations declaration of human rights is more than wishful thinking, and that it is of concern to us in Canada as a partner in the British commonwealth of nations.

We are very happy that the opportunity has been granted for this discussion to take place this afternoon. We are bitterly disappointed that the procedure is such that all one can do is talk, and that all the Prime Minister can take to the prime ministers' conference in London is an expression of individual opinions as they are given here today. Very often we hear of the leadership given by the United Kingdom; of the true meaning of the mother of parliaments and of the courage and devotion of the British. I wish the procedure this afternoon in this Canadian House of Commons had been such that the Prime Minister of Canada when he leaves tomorrow could take with him a motion unanimously expressing the views of all members of this house as to what they think of the apartheid policies of South Africa and how dangerous they could be to the future of the commonwealth and to the peace of the world. Surely, if the House of Commons in Great Britain could do it, why can we not do the same?

I was most interested to read the motion which was passed unanimously in the United Kingdom House of Commons on Friday, April 8 of this year. It is to be found in their *Hansard* report at page 775. This is what the people's representatives in all parties in the United Kingdom House of Commons had to say; this is the motion which was carried, and I quote:

> That this house, deploring the present racialist policies now being pursued by the South African government, under which non-Europeans are consistently denied normal human and political rights, including the right of campaigning for a peaceful change in the laws under which they live, and the recent declaration of a state of emergency and the many arbitrary arrests, fearing that a continuation of this repression is threatening the security and welfare of all races living in the Union of South Africa and good relations between members of the commonwealth, urges—

I wish I had the right to insert, here, the name of the Prime Minister of Canada.

> —the prime minister to take the opportunity at the forthcoming commonwealth prime ministers' conference to bring home to the South African government the strong feelings of the British people on this question; and states its firm belief that peace and tranquility in South Africa can only be secured on the basis of freedom and equality and a full respect for the inherent dignity and humanity of all men.

That was the motion which was passed unanimously in the United Kingdom. Thus, the prime minister of Great Britain could convey not only the sentiments contained in a number of speeches; he could convey to the conference the unanimous opinion of the people's representatives on the subject of apartheid in its relation to the world and to all the partners in the commonwealth.

If the procedure of this house had permitted I would most certainly have moved a resolution identical with that which was carried in the United Kingdom House of Commons, changing the words only where necessary so as to read "the Prime Minister of Canada" instead of "the Prime Minister of the United Kingdom", and "the people of Canada" for "the people of Britain".

Having heard from the Secretary of State for External Affairs on behalf of the government, having heard from the Leader of the

Opposition on behalf of the Liberal party, and having heard the views of the C.C.F., it is clear that we are without doubt unanimous in our views on this vital question, and because of that, and because we wish to help the Prime Minister and to strengthen his hand with regard to this humanitarian and far-reaching question, I should like to ask whether the Prime Minister himself would not give consideration to asking for the unanimous consent of the house—because by unanimous consent all procedure and standing orders can be changed—to permit the introduction of a resolution along the lines which I have suggested which, as I said, is word for word the same as that already agreed to in Great Britain.

To say anything more would be repetitious. I wish to conclude, having made a reference to the House of Commons in the United Kingdom, by reading the last statement made before the vote was taken as it appears at page 848 of the British *Hansard*:

> I know that all the people of South Africa will not hear all of it because their newspapers are censured, but I hope they will hear enough to realize that the House of Commons feels very strongly that it is our duty not to keep silent but to do all we can to help our friends in South Africa to help themselves and to put an end to this terrible tragedy which has overcome their land.

To that, we say "amen".

Mr. Heath Macquarrie (Queens): I am pleased to have the opportunity to take part in this discussion which is of such interest to us all. The discussion of such a subject marks, it seems to me, the growing maturity of Canada inasmuch as we are devoting our attention to the outside world and to the consideration of our place and role therein. It is such a short time ago in the history of our nation that a discussion of any aspect of foreign policy was very rare indeed.

I should like to join the Leader of the Opposition (Mr. Pearson) in his words of good wishes to the Prime Minister (Mr. Diefenbaker) as he leaves for the commonwealth prime ministers' conference, and to the Secretary of State for External Affairs (Mr. Green) as he goes to Europe to take part in very important international gatherings. I am sure all of us will keep them in our thoughts as they participate in these vital deliberations on behalf of world peace.

I think it is fitting that the motion of the Leader of the Opposition should embrace this matter within the framework of commonwealth considerations. He is quite right, and I was interested in his remarks about the development of the commonwealth, that unique political institution which seems capable of such great diversity and variety while at the same time retaining the fundamental values which have made it one of the greatest organizations in the world. I am very proud in this connection that the leader of the party to which I owe allegiance has always been distinguished as a supporter and as a lover of the commonwealth, and with that view I am proud to associate myself.

It is significant, too, that today we are giving our attention to the great continent of Africa, surely the continent of the future. So often we used to refer to Africa as the dark continent and perhaps in many ways it was, although, as has been said by Professor Kimble, it is perhaps true that the darkest thing about Africa was our own ignorance of it. Such ignorance and lack of concern can no longer prevail because today we must consider this great new area that is seeing the emergence of great new nations dealing so importantly in world affairs.

It has been said that the struggle in Africa has not been and is not only for self-government, but for self-respect. We have watched that development and of course Canada is tremendously interested in it because in Africa there are and there will be political and social developments of vital concern. One is perhaps led to think of the ancient parable spoken about putting old wine in new bottles as one looks at some of the sociological, political and economic developments in this great continent which are occasionally disturbing.

The subject of apartheid is of widespread interest today. We read a great deal about it in the press but one cannot help observe that matters of interest to the press are not necessarily equated with matters of importance. But beyond the press and radio and television this is a question being discussed by legislatures and by citizens. Surely all of us are as one in our concern for the human suffering which is taking place in the Union of South Africa. There is surely no monopoly of concern or regard for severe violations of the sanctity of the human personality. Of course, the difficulties have not taken place only in the last few days. There have been problems aplenty in that area of the world for a long time. There are many grave and serious difficulties there and there will be more. Lord Balfour said that in South Africa a white nation has established itself in a black continent and that is something that has never before presented itself in the history of mankind. It is not surprising that some of the problems of that nation are unique and dreadful in their complexity.

We can all share our concern for the future in Africa if certain policies are pursued and if adjustments, accommodations and re-thinking do not take place along certain lines. It would be very easy for any hon. member of

this parliament—I think I could do it although it is not my nature—to denounce and make inflammatory speeches about what is going on in the Union of South Africa. It was Milton who said it is always easier to be critical than correct. There are some Canadians who say, "Throw South Africa out of the commonwealth." That is a favourite expression. There are some who seem as anxious to have South Africa thrown out of the commonwealth as they are to have red China brought into the United Nations. But are these suggestions in the best interests? Are these the wisest policies to follow?

In his usual wisdom I believe the Secretary of State for External Affairs expressed it well when he said that these extreme measures are not the Canadian way. I do not feel called upon to utter inflammatory, condemnatory statements. I do not think that at this juncture they are necessary or helpful.

I think the Secretary of State for External Affairs was quite right when he said that Canada need not go to these extremes to make clear its attitude and point of view. I am sure there is no doubt anywhere in the world as to where Canada stands on the matter of human rights.

I had the privilege to represent my country in one of the committees of the United Nations and for three years had an opportunity to deal in a minor way—and I would not pretend it was otherwise—with delegates from all over the world, from the United Nations and its 82 members. I never found any doubt as to where Canada stood on these matters. There is no question about the liberality of Canada's views in the world scene. Certainly there is no question as to the prevailing attitude of the Prime Minister. I first heard of the man who is now Prime Minister of Canada not in connection with a matter of politics but in connection with his advocacy for certain aspects of human rights and fundamental freedoms to which he has been devoted all his life. It is axiomatic to say he is a great defender of human freedoms. That is known not only throughout this land but throughout the world.

Would we be rendering our best services to mankind in pillorying the government of another nation or castigating its laws, no matter how repugnant those laws are to our thinking and no matter to what extent we may feel they lack something in inward wisdom? For the Canadian House of Commons and those of us who are its members to spend time publicly denouncing the laws of another country strikes in me a minor chord of unease. I wonder what other countries there are in the world upon whose laws and actions we might sincerely pass critical judgment? Are there not other areas on the earth's surface where the human personality is being violated? I submit that if it were not for certain aspects of freedom we would not know what was going on in the Union of South Africa. The things which emerge from certain other parts of the world represent a far greater degradation of the human personality than what emerges from the Union of South Africa. This is not to be construed in any way as an effort to condone, pass over or diminish the importance of these events which we deplore, but I cannot support as a matter of policy and of function the Canadian parliament and people devoting themselves to this purpose.

There is another aspect of the case that causes me no small feeling of concern. I believe the Leader of the Opposition referred to this in his address to which I listened with the greatest interest. There is the danger of moral priggishness in taking such a course. I would want to avoid any self-righteousness in this regard. It was said that he who is without sin should cast the first stone. I think it behooves us to think very carefully about this, examine the question closely and make sure that as individuals and members of groups we are at all times making the maximum effort to fulfil and develop our beliefs in the fundamental freedoms, in the equality of man and in our repudiation of anything which even approaches racial intolerance or prejudice. Canada has a very fine record in this respect but there are some things in which the area for improvement is fairly significant.

But I think the major consideration of all is again, as the Secretary of State for External Affairs expressed it, that the moderate course is the better course. There are still some moderates in the Union of South Africa; there are still men of liberal mind—I would have to write that liberal with a small "l", of course—and there are still areas for moderation.

If I thought that a bitter denunciation, an inflammatory attack upon this state; if I thought that working up Canadian public opinion to be blistering in its denunciation; if I thought that a blistering denunciation in a group to which I do not belong, namely the commonwealth prime ministers' conference, was helpful, I could easily recommend such a course. We can denounce, we can criticize, but in so doing would we by our act be helping the people of the Union of South Africa who now most need our help in the difficult and trying times which are so much on our minds.

I think of the need of dealing with the great problem of the area of southwest Africa, where the Union of South Africa has a responsibility before the world as a mandatory power from the league of nations. I can recall when this question was before the United Nations. I remember the bitter denunciations and the part of the world from which they sometimes came. I saw that over the last few years there were opportunities for some rapprochement, for some process of negotiation, to which the union would be a part. I thought then how wise and sound it was not to close irrevocably the door for discussion, for negotiation, upon which is based the future hopes for improvement of those people.

The Prime Minister of Great Britain has been referred to by every speaker today. I had the privilege of sitting in the gallery of the British House of Commons some time ago when the Prime Minister of Great Britain was being asked—as was the Prime Minister of our own country—about the very question we have now before us. I was so impressed by the wisdom of his reply. He said:

> Of course, what has happened in this tragic situation is a very great source of deep regret to me. I share to the full the feelings of sympathy for those who have suffered, but I ask the house to consider our position not as a party matter. The British commonwealth has, I think, a great past. I believe it to have the possibilities of a great future. It will outlast the particular people who preside over the fortunes of any country at any given time. I think that we must remember not lightly to throw away or to injure what I am certain in the years ahead will be a great instrument for good.

Then he went on to talk about the heavy responsibility which rested upon the government and perhaps especially upon him. He said:

> I think it has been made clear already that the agenda of the formal conferences is fixed by the conference itself. There are certain traditions about it.

He expressed the hope that the Prime Minister of the Union of South Africa would be there and he went on to say that the course which was suggested to him was quite different from taking an action which would precipitate a crisis in the commonwealth. He continued:

> Britain has a great responsibility here, and what I want to do is to use the commonwealth and see it grow, but so to steer a course that we are able to preserve in full the structure which has been built up and to see that we do not err in precipitate action which might have very dangerous results.

He then went on to say:

> I have expressed my view privately, and in a courteous way, as I thought, and I have tried to do so publicly. Our duty is to influence and to guide and to hope that, by so doing, the principles in which we believe will be accepted everywhere. But I repeat—and I think the right hon. gentleman knows the position that he would be in if he had the same responsibility—that we have to be bold in the statement of our views but cautious in any action which, foolishly carried out, might jeopardize the whole structure of our commonwealth proceedings in their formal character.

I commend this particular reference to the hon. member from the C.C.F. who has just spoken. I see no members of that group in the house at the present time. I commend to them this wise and reasoned statement of the Prime Minister of Great Britain but I do not rest my case and I do not rest my concern only on the remarks of the Prime Minister of the United Kingdom. Knowing the record of our own Prime Minister and his wisdom, knowing what the commonwealth has been and will be, I am sure that the counsel of moderation and of reason will prevail.

I have no doubt, and I am sure the Canadian people have no doubt, that we can trust our leaders on this very moot issue that is before us. I know that in the discussion of it in high places our Prime Minister and Canada will play the highest part; I know that Canada will be found to be on the side of freedom and a supporter of justice and a proponent of reason and a purveyor of wisdom. On these grounds I feel that this most delicate issue will be dealt with by our Prime Minister and his colleagues.

(Translation):

Hon. Lionel Chevrier (Laurier): Mr. Speaker, having listened closely to the four members who took part in this important debate, I should like at this time to associate myself with the Leader of the Opposition (Mr. Pearson) not only in the splendid speech he has delivered but also with regard to the principles he has stated on behalf of the party to which I have the honour to belong.

The statement he made in this house is one against the policy of apartheid, of discrimination, of segregation, not against a minority, but against a majority which has been discriminated against on account of its race and of its colour.

Mr. Speaker, we, who are sitting on this side of the house, believe that all men are equal before God. We believe that all men were created in his image and resemblance. We also believe that the Creator considers them as such, on an equal footing, and if some men on earth happen to be of a certain colour or to belong to a certain race, or to profess a certain religion, while others belong to a people of another race, of another colour, or to practice another religion, we must recognize that this is an accident beyond the control of those men.

Apartheid Policy in Commonwealth

The United Nations, as the Leader of the Opposition ably pointed out, have condemned in principle racial persecution, but were reluctant to go any further, fearing they would violate the doctrine of sovereignty, fearing to intervene too deeply in the domestic and national problem of individual nations.

By virtue of the principle whereby nations should not interfere in the affairs of others, it becomes very important for other nations of the world to know whether that principle does not also affect their personal business or their own position, or whether that principle might not have serious repercussions on other countries of the world. And should it become necessary to intervene in the affairs of another country—and I think that is a distinct possibility in this case—even if only by a resolution of the house or by a statement of opinion such as we have heard from the four hon. members who spoke before me, I think it then becomes important, indeed necessary, to take a stand on a state of affairs which exists in another country and may well have repercussions in Canada.

I think, therefore Mr. Speaker, that we must condemn this policy of apartheid. We must do so because it is a bad policy, a wrong one, and because it is contrary to human rights, to justice, to morality and to natural law.

I wonder how far I can go along with the attitude displayed a moment ago by the Secretary of State for External Affairs (Mr. Green). Personally, I have some doubts as to whether the Secretary of State for External Affairs was entirely right in the statement he made. Oh, I do not say that we should not do all we can to maintain the unity of the British commonwealth of nations, but I wonder if, when that unity is threatened because one of the members of the commonwealth is persecuting a majority, whether the unity of the commonwealth is still easy to maintain.

Unfortunately, the history of minorities throughout the world does not always make palatable reading.

In Canada, our own minority has not always enjoyed equal and fair treatment. This is less true because history, experience, the passage of years and particularly the thinking of a large number of those who make up Canada's majority have taught most Canadians that there was no longer any excuse for such a situation.

I also think we should thank Providence that Canada does not have problems similar to those now prevailing in South Africa.

[Mr. Chevrier.]

That is why, coming back to the main theme of the debate, I insist that we, in the opposition, strongly protest against the apartheid policy under which human beings are being persecuted because of their race and colour, and justice is being trampled under foot as if it did not exist for coloured people.

We are concerned about the disastrous consequences of that policy which recently has led to the arbitrary arrest of individuals and their detention without a hearing; a policy which has led to violence, unfortunate killings and bloodshed.

It is a policy that must cease if normal relations are to be restored in that country of the British commonwealth of nations. Peace, order and security cannot exist without due respect for the individual.

Like the previous speakers, may I urge the Prime Minister to take note of the views expressed on both sides of the house and particularly of the suggestions made by the Leader of the Opposition who has a wide experience, not only in the United Nations, but in many other places, and to make his views known at the conference he will be attending shortly. We wish him every success. We know very well that his parliamentary experience will help him to remember not only what took place here, but what is taking place at present in Canada, and the anxiety that grips the population in various quarters in this country on account of recent happenings in South Africa. We trust he will also remember the fear and anxiety that is felt in all civilized countries of the world.

On the strength of those arguments and of those views, if not of the resolutions which have been put on record, the Prime Minister will be able to make known with greater justice and greater force the views which, I am sure, he himself intended to express to his colleagues of the British commonwealth countries.

(Text):

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am sure all hon. members in the house this afternoon were impressed by the unanimity of viewpoint, as one might expect among members on both sides of the house, with regard to this very important matter.

My first words must be of thanks and appreciation to the Leader of the Opposition (Mr. Pearson) for the manner in which he presented the viewpoint not only of the opposition but, in general, of hon. members of this house. May I say to him that the restraint with which he spoke was in keeping with what I would expect from one who—whatever our differences of opinion may be,

and sometimes they are very strongly and definitely expressed—is regarded by me and I know by members in the house generally as having made a worth-while contribution to external affairs in this country. He has won for himself the Nobel prize for peace and all of us join in a realization of its importance. I say that because today the House of Commons was at its best. Indeed there was that feeling that here in this chamber all of us are in a cathedral of devotion to the abiding principles of human rights and fundamental freedoms.

I want to thank my friend and colleague the Secretary of State for External Affairs (Mr. Green) for his words. After all, we in public life expect to be judged and often misjudged. However, I want to thank him for his words when he referred to the attitude I have taken through the years, when it was not always popular, on behalf of those things which represent more than life itself, namely the civil liberties of the individual.

On an occasion like this I might be allowed to look back in retrospect. I recall an occasion in 1922 when it was not popular in my province to take a stand on behalf of the rights of the other language in this country and when counsel were afraid that to take that position would be detrimental. That has been my attitude through the years, namely a belief in the need, at all costs, to preserve those things that represent the recognition of the sacredness of the human personality.

I am glad that the opportunity has come to say a few words on this subject which has actuated the minds of my fellow Canadians and indeed those of people in every part of the world in recent weeks. It is not a new matter. Apartheid has existed since 1948. Year in and year out it has come before the United Nations. I criticize no one today when I say that through the years Canada abstained because of the principle that interference in the domestic field of any nation was not a thing to be accepted by the United Nations.

I welcome the opportunity first because it enables the Secretary of State for External Affairs to place before the country the views of the government. But more particularly do I welcome the occasion in that it has provided an opportunity for the House of Commons to express its united viewpoint; for there are no frontiers or divisions between hon. members—whatever their location may be in the house—on the need for maintaining those freedoms without which mankind cannot rise to its full stature.

Some mention was made by the hon. member for Vancouver East (Mr. Winch) of the fact that an opportunity should have been available for the moving of a motion; and he quoted with approval what had taken place in the British House of Commons. Let me point out that the motion in the British House of Commons was made as a private members' motion and resolution in an hour set aside for the discussion of private members' resolutions. I would also point out that during that day in question, namely April 8, there were several motions. There was one dealing with medical diseases which took from 11.05 to 12.32. The question was put and agreed to. Then came the motion of the hon. member for Wednesbury which was quoted by the hon. member.

There was no other way in which to bring this matter before the house than by the means adopted by the Leader of the Opposition today. I would point out this fact. When about two weeks ago I spoke on this subject and referred to the possibility of there being a debate, my natural view was that the hon. member for Assiniboia (Mr. Argue), having regard to Monday being the last private members' day, would have permitted the clearing away of a number of cases on a subject that is receiving general attention from members of the C.C.F. party. If that had been so, we could have placed on private members' motions a motion similar to the one indicated by the hon. gentleman and with consent could have proceeded to discuss it. However, that course has been denied by the attitude taken on Monday last—the last private members' day—by the hon. gentleman's colleagues.

Having referred to that fact, may I say this. Having no disagreement on this matter and having heard the views of the house, we will all be reinforced in the sure knowledge that there are no divisions of opinion on this matter.

The Leader of the Opposition, with the experience that has been his, referred to the nature of the prime ministers' conferences, their composition, the informality that prevailed, and the freedom from any fixed determination in advance as to the course to be followed. Indeed, commonwealth prime ministers' conferences are most informal meetings. The various prime ministers sit about the table in the cabinet room at No. 10 Downing street. Then in that spirit, mystical as it is, which binds the members of the commonwealth together in frankness, but with that tolerance which must always prevail between members of a family, matters are discussed. Determinations are not made.

Communiqués issued at the end of the conference contain nothing upon which there is not complete and unanimous agreement.

The hon. member for Vancouver East mentioned the debate in the British house, and I refer to the words of the minister of state for commonwealth relations who discussed in general the meaning of these conferences. As reported on page 830 of the British *Hansard*, he said:

> The secret of the success which has attended these conferences in the past, indeed the mystery—to use the word in its old English sense—of commonwealth relations lies in the informality of its methods combined with a respect for certain principles which, with the exception perhaps of the Statute of Westminster, are not contained in any formal document—
>
> We must not forget that there are few commonwealth countries whose policies have not at some time or another aroused controversy in one or more of the others.
>
> If a commonwealth prime ministers' conference became an occasion at which any prime minister might have the domestic policies of his government criticized and arraigned by his colleagues, I have little doubt that such conferences would cease to be acceptable to commonwealth prime ministers generally.

I mentioned that on an earlier occasion. There is no formula under which prime ministers meet. There is no record kept except an informal one. There are no motions made. Through the instrumentality of joint discussion comes a realization of the problems of each other.

I thank the Leader of the Opposition for the good wishes he expressed to me on this occasion and for his wish that a constructive conference will be the result. He dealt with the commonwealth at some length. He described its evolution; difficult to understand, impossible of definition. It has simply advanced not from precedent to precedent but from innovation to innovation. He asked the question whether or not the Canadian parliament had the right and the duty to intervene in matters of concern, particularly to one or other of the member nations. He pointed out, too, that wherever discrimination takes place it leads inevitably to disaster. We say that we cannot win a nuclear war, that no nation can win it. Equally so no nation today can win a race war within or without its territories.

Again quoting from British *Hansard*, the following appears at page 833. I am quoting the minister of state for commonwealth relations to whom I have already referred:

> No one who has . . . shared the hopes and expectations of seeing there—

He is referring to South Africa.

> —the spread of order, tolerance and freedom can fail to be heart-broken by the events which have occurred there during these last weeks. The antidote is to seek the best way which lies within our power to help to set these things right, and to prevent a situation arising in which South Africa finds itself in one of the cul-de-sacs of history from which there can be no escape except through violence and tragedy.

Mr. Speaker, that is the purpose of this discussion today, to reinforce me as the representative of this nation, having held these views throughout the years, with the conscience, thought and deliberation of the Canadian House of Commons in order to air the views which have been expressed on matters which are of particular moment at this time.

Through the years I have advocated in this house, although my view was not accepted, that nothing could be more helpful to a prime minister than a discussion of such matters, to the end that through discussion the prime ministers' conference may have presented to it the views of the Canadian people bodied in the thinking of the members both of the House of Commons and of the Senate as well as Canadians generally.

I have never quite felt the same after the trip I took a year and a half ago as to the meaning of the commonwealth. I was in the countries of the commonwealth in Asia, and whatever the colour, race or religion there was something intangible there which was beyond description. There was a feeling that never would it be possible for members of the commonwealth to be at war with one another regardless of their differences, however strong they may be. Wherever I went I visited the courts, and I felt that there the rule of law applied and that the common law, brought in line with local conditions, gave to us belonging to the commonwealth a bond. I believe that in the years ahead there will more and more come a realization that only through the assurance and the acceptance of the equality of man can there be that unity which will place the commonwealth, as it is becoming today, in the position of a bulwark against communism and everything it stands for.

That is why discrimination is dangerous. Communism marches not so much on empty stomachs and on poverty as it does on the fact that while all of us pay lip service to the equality of man and to the brotherhood of man without regard to race or colour, none of us is completely free from intolerance. Wherever there is discrimination—as the hon. member said referring to the meeting of the parliamentary association which he attended—there you have the beginnings of a situation which ultimately cannot but achieve a mobilization by the communists, who, whatever their tyranny may be, give every indication in their words of the equality of the individual.

As I prepare for the meeting which will begin next week in London it is of assistance to me to have heard the speeches which have been made today. This subject arouses profound emotions. It cannot but result in powerful expressions of opinion. It requires, however, as the Leader of the Opposition said, clarity of thinking coupled with responsibility. I could make a speech on this subject; it might be attractive for the moment, and it might receive widespread support, but if in dealing with the subject my contribution was not one which led to a solution of this problem but, actually, to its exacerbation, the wish to do so would be denied by the reality.

I do not intend to go over the attitude of the government to date. The Secretary of State for External Affairs has done so. He has referred to the representations made by the Canadian government and by himself to the representative of South Africa. On April 9, in a statement which has been subject to criticism, I spoke of Canada's indignation at what was happening. The work of responsible statesmanship today is not to arouse, is not to please, is not to mobilize the plaudits of the moment. Otherwise instead of bringing about a solution of the problem or an atmosphere in which the problem can be solved, what we do is add to the fires. Our responsibility everywhere within the commonwealth is to make the commonwealth a bridge based on tolerance which will bring to the white, the black and all the other colours that are represented in this commonwealth, equality through moderation. Discretion in discussion does not mean acquiescence, or toleration of the thing with which we disagree.

Mr. Speaker, no Canadian views this policy as being right or workable. What shall we do in order to bring about before it is too late a realization that discrimination wherever practised is a forerunner, first of tyranny and then of ultimate change by force, bloodshed and discord? We recognize the complexity of the problem of racial relations. As I said a moment ago, no country can claim to have a perfect record in this field. Where were we in the days of war and after the war? I criticize no one, but I recall on one occasion speaking when the Japanese, because of their race and for no other reason —not the crime they had committed or which it was anticipated they would commit—could be banished from Canada. None of us can speak without sin on this subject. We have gone a long way along the road toward solving this problem. An organization of coloured people in Toronto—and I wish I had its name here—has made representations to me which I can only commend for their sanity, their reason and their responsibility. This organization realizes that much remains to be done, that the steps forward toward national or international tolerance are slow. We realize that, but at the same time we recognize that repression as a deterrent to progress toward racial equality can never be accepted.

I share in full the feelings of those both within and outside this house who have emphasized their hatred of policies of discrimination. Such policies can only lead to the negation of human rights. All of us, whether we can express our views or not, feel a deep sense of outrage at those things wherever they may be, which constitute a denial of the sacredness of human personality.

What about the situation? The Secretary of State for External Affairs asked the question: what should we have done? We made our views clear. Noising views from the house tops is not always a safe method in matters such as this, indeed in any deliberations or in any phase of life in which you try to secure through arguments the attainment of your objective.

Some say, "What have we done?" My answer is: What of the other nations of the commonwealth? Mention was made by the Secretary of State for External Affairs of the text of the resolution at the United Nations. That resolution constituted a major step forward toward the achievement of international tolerance. Nine nations voted for it. Great Britain and France abstained not because they loved apartheid but because the circumstances were such that they felt that this constituted an interference by the United Nations in domestic affairs which in itself would result in a veto on any action being taken. This resolution represented the conscience of mankind. The text of the resolution is as follows:

> The security council, having considered the complaint of 29 member states concerning the situation arising out of the large-scale killings of unarmed and peaceful demonstrators against racial discrimination and segregation in the Union of South Africa.
>
> Recognizing that such a situation has been brought about by the racial policies of the government of the Union of South Africa and the continued disregard by that government of the resolutions of the general assembly calling upon it to revise its policies and bring them into conformity with its obligations and responsibilities under the charter.
>
> Taking into account the strong feelings and grave concern aroused among governments and peoples of the world by the happenings in the Union South Africa.
>
> 1. Recognizes that the situation in the Union of South Africa is one that has led to international friction and if continued might endanger international peace and security.
>
> 2. Deplores that the recent disturbances in the Union of South Africa should have led to the loss of life of so many Africans and extends to the families of the victims its deepest sympathies.

3. Deplores the policies and actions of the government of the Union of South Africa which have given rise to the present situation.

4. Calls upon the government of the Union of South Africa to initiate measures aimed at bringing about racial harmony based on equality in order to ensure that the present situation does not continue or recur and to abandon its policies of apartheid and racial discrimination.

5. Requests the secretary general, in consultation with the government of the Union of South Africa, to make such arrangements as would adequately help in upholding the purposes and principles of the charter and to report to the security council whenever necessary and appropriate.

That resolution was brought about in advance. The secretary general, as the Secretary of State for External Affairs said, will meet the representative of South Africa in London at the prime ministers' conference on May 12. Later on, the secretary general will be going to South Africa. A major step forward has been achieved.

What of the attitude of the British on this resolution? Whatever we would say of them, they have a knowledge of diplomacy and of international rights. The foreign secretary said—and I paraphrase—that he was afraid the resolution would only make the South African government more stubborn. However, as things have turned out there has been a very long stride forward as a result of international action.

What of the Prime Minister of the United Kingdom? We hear criticism as to what we should do. It is suggested that the government should seek to bring about South Africa's expulsion or exclusion from the commonwealth. I will refer to that in a moment. That statement was recently made by several, including the hon. member for Assiniboia, if reported correctly and in his absence I repeat, if reported correctly. It is also suggested that strong formal protests should be addressed to the South African government. That is the second general suggestion. The third is that at the meeting next week of the prime ministers there should be on the part of the leaders of the commonwealth countries other than South Africa a strong collective and public expression of condemnation or disapproval of the South African policy.

Let us see what the attitude is of those who have responsibility. What did Mr. Macmillan say? The Secretary of State for External Affairs mentioned what he had said yesterday. This matter—as I paraphrase what he said—will not be on the agenda formally. Mr. Speaker, can you believe that each of us outside the Union of South Africa will not make clear, informally, our views? Can you see them sitting around that table without informally making known their views? India, Mr. Nehru; Pakistan, General Ayub Khan; Ceylon—well, they have started another election so I do not know who will represent them—Malaya. Mr. Macmillan already has said yesterday what he would do.

What about Mr. Menzies? Mr Menzies has been in office in Australia longer than any prime minister in the history of that country. That wise statesman said:

Prime ministers' conferences do not have matters listed for discussion. They do not have an agenda. They do not have votes taken. They do not have majorities.

When some people tell me I should bring this up and have a vote, I invite them to consider what would happen if there were a vote in a prime ministers' conference. Suppose someone moved to throw Canada out saying we did something that the others disliked. Suppose someone disliked our policies with reference to the migration of peoples. If we were to start having motions and majorities in prime ministers' conferences it would not be very long before all of us would have voted the rest out. There is no question about that. But it is easy for some who write editorials to say what should be done.

The Leader of the Opposition today—and I again express my views respecting his speech —spoke with the authority and knowledge that experience assures.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: That is not a tribute to him, it is a fact.

Mr. Pearson: I accept it as a fact.

Mr. Diefenbaker: Making due allowance for the wording which still expresses my idea, Mr. Menzies said this:

They consist of, say, nine people sitting together each of them the head of the government of his own country, discussing matters of common interest informing each other's minds, learning from each other's experience, getting to know something more about the problems of other men. These are not meetings where votes are taken. Indeed, I should like to tell hon. members that even the communiqué which emerges at the end of a commonwealth prime ministers' conference—and it is always a harmless enough document, as you know—cannot contain anything to the inclusion of which even only one prime minister objects.

Then, he goes on:

The opposition says: "Put it down on the agenda."

How often have I read that in the last few days as coming from those who have no responsibility. I continue:

Put it down on the agenda. Bring along the prime minister of South Africa. Let him be put into the dock and let us all try to cross-examine him. How long does anybody suppose the commonwealth would last if that was the way we went on?

When I read what the pundits say I wonder whether they have read what Mr. Nehru said.

He tabled a resolution in the Indian parliament. It deplored the incidents and sent sympathy to the Africans who had suffered from the firing and from the policy of racial discrimination and the suppression of the African people in their own homeland. He said, "This is a moral issue." There was no question raised by him that he intends to formalize his feelings.

When we hear my friends of the socialist party saying what they would do if they were here I ask them to read what Prime Minister Nash had to say on the subject. I have his statement here which is dated March 31. Prime Minister Nash has not made a request that the South African racial policy be discussed in the commonwealth prime ministers' conference. His words are these:

> I have, in fact, repeatedly emphasized that internal affairs of commonwealth countries of a controversial nature are not normally discussed at prime ministers' conferences. If they were—and the inclusion of South Africa's racial policies would be a matter for Dr. Verwoerd—I should make whatever contribution I could in a common endeavour to find a solution to the existing grave situation in South Africa.

Then later he was asked on April 11 about New Zealand's attitude toward the South African question. He replied it was a matter of record that he did not think there were any racially superior people. Then he added these words, that he would not say anything to make things worse than they are. Then he went on to say:

> Unless some super statesmanship was used by someone there might be a worse condition than has yet been known in the conflict between the races.

What about Ceylon? Ceylon's feelings were expressed by the representative at the U.N. council, when he strongly criticized the policies of the South African government as ugly and almost indecent. The prime minister of Ceylon expressed his aversion to any form of racial discrimination and felt the security council resolution carried more weight than if countries took up the matter individually. These are the prime ministers who are going to meet; these are prime ministers of another colour who have felt the horrors of discrimination and condemn it. But the pundits say, "Speak up." And do what? Speak up in public and do what?

At the present time I share the feelings of those who have expressed themselves strongly. I am not going to repeat what I have said in the past. Some of them, if they were standing here, would realize that however attractive outspoken criticism may be, we should speak only in a moderate but direct, clear and frank expression of views not in the open market, which, according to many, has made South Africa stubborn, but to the individual who represents that country.

In the few moments remaining I am going to deal with some of the suggestions. "Throw them out of the commonwealth." I reiterate the view I have expressed before that there is no merit in such action. Such a course may have some superficial attractions but what of its objections? It would respond to natural feelings of distaste for racial policy; it may commend itself for its purgatory effect. What would it solve? Would it bring relief to the 10 million blacks in that country? Would it bring relief to the many whites who do not share the view on discrimination? You are going to throw the 10 million blacks out. The whites who do not hold the same views as the government of the day you are going to throw out into outer darkness. That is what some say.

There is no machinery provided in the commonwealth to do so, as there are no qualifications as to beliefs required for membership in the commonwealth. One of the greatest hopes I have for an ultimate settlement is that South Africa has not withdrawn itself from the commonwealth and the fact that it will be represented in London at the prime ministers' conference assures that the channels of informal communication have not been closed.

Mr. Phillips of the Toronto *Star* was interviewed by a well-known former member of the press gallery, who tried to get him to say that we should throw South Africa out of the commonwealth. What was his answer? He was asked this question:

> Do you think it would be ... do good or harm to most people if we somehow kicked South Africa out of the commonwealth now?
>
> Mr. Phillips: I wouldn't like to see South Africa kicked out of the commonwealth. I've met South Africans who are the same type of people as Canadians and even when I was in jail I talked to a ... I was in prison with a young doctor and I said "Why don't you come to Canada; your career is being blighted here"—and he said "No, my job is to stay in South Africa—I'm very proud of my country and I want to see it have a better future than it's getting."

Phillips spoke with the experience that comes from one who knows. He went on to repeat that.

Then they say "Boycott South Africa." That sounds like something that is attractive to some people. Who would suffer? How many of those who hold that view have any realization of who would suffer? In 1959 Canada's exports to South Africa totalled $51,377,332 while imports from South Africa amounted to $6,631,000. They bought from us eight times what we bought from them. Who would suffer? Members of the C.C.F. party, as reported in the press, talk about kicking a country out of the commonwealth, but I point out that we sold to South Africa $15,642,000 of wheat. South Africa is our fourth largest

customer for wheat. Let nobody say that I believe that the cause of freedom should be weighed in the scales of monetary considerations, but I simply ask the question: Who would suffer by the boycott? There are other countries in the commonwealth with quite the reverse situation, whose trade picture is quite different and where the balance of trade is in favour of South Africa.

The next suggestion is that we should make a formal protest. I have already answered that by reference to the attitude taken by the other governments of the commonwealth. So far as our commonwealth governments are concerned, let us exercise an influence of moderation, let us be served by steadiness and restraint, and remember always that this problem did not begin in 1960 but has existed since 1948.

We continue to believe that the clarity and the certainty of the words that we direct to the representatives of that country, coupled with the situation that has arisen as a result of which Mr. Hammarskjold, the Secretary General of the United Nations, will meet with the representative of the prime minister of South Africa at the conference in London and will later go to South Africa, hold the hope that at least there is a realization that something will have to be achieved.

I turn now to the delicate question of how this problem might be dealt with at the commonwealth prime ministers' conference. The house will appreciate that it is impossible to know in what way the matter might arise. I believe it will come about informally, and in informal discussion it is possible to convey the views shown to be in the hearts and souls of hon. members of this house today and of Canadians generally. There is one advantage when you express your views in that way. You do not mobilize the stubbornness which is inherent in all of us. How many of us have reacted to criticism in quite the opposite way to that which the criticism was intented to evoke?

The further question arises whether there should be some corporate expression of condemnation or disapproval. I do not believe that. I think in general that meeting together we shall bring about some realization that within the commonwealth as it expands there will come a day, which cannot be too far removed, when discrimination will not be accepted but rather that there will be a common brotherhood, each country with its own form of government, an anachronism without organization, a family group without treaty or pact and without anything to bind us together which works, as the Leader of the Opposition said; a commonwealth drawing its strength not from sameness but from diversity, providing the soil and climate in which its individual members can achieve and consolidate self-sustaining growth and the atmosphere in which they can develop talents and capabilities of their own choosing. That is my idea of the commonwealth. It is not something that denies criticism among its members, but that does not mean that it permits of action being taken to exile those of its members with whom the others do not agree. That is not the spirit of the commonwealth.

My time is up and I will conclude if I may have one minute. No problem has caused me more concern. Someone has said that I am torn between what I think is right and, on the other hand, what I think would be appropriate. It is nothing of the kind. I have a horror of discrimination against the individual but that does not mean that I believe in bringing about change by denunciation. That has been tried before. Someone has said that responsibility is rarely easy and for those who are really responsible it is all the more difficult. That has been the situation and I have tried to give leadership to the Canadian people who believe in the commonwealth. There has been no condonation of wrongdoing. I could do the popular thing. I could denounce. I could follow the course of least resistance but denunciation of what I hate would not achieve what we desire should be achieved, the ending of a policy that cannot succeed. Mr. Macmillan spoke of the winds of change. I think of them as hurricanes as men are driven to new heights in their desire for equality and an opportunity for the better things of life. Today in what has been said in the house there has been a freedom from the outcry of political considerations. The debate, which began with leadership, has continued so throughout. For me the debate has been worth while.

Mr. Pearson: Perhaps I might be permitted, Mr. Speaker, to ask the Prime Minister a question, even though it is six o'clock. I ask him this question solely because of the fact that, as far as I can judge, complete unanimity of viewpoint has been expressed in this house with regard to the views of the House of Commons on this matter. I ventured to put those views in the last part of my own statement. I ask the Prime Minister whether, when this motion is withdrawn, that expression could be put forward as a private member's resolution. It would have to be done, if it were done at all, by unanimous consent and could be passed without further discussion or change, if the house so desired.

Mr. Diefenbaker: As a matter of fact, Mr. Speaker, I have asked with regard to that

matter and I may say that it cannot be done. The hon. gentleman moved the adjournment of the house. The motion therefore being to adjourn, there cannot be, by consent or otherwise, any motion passed.

BUSINESS OF THE HOUSE

Mr. Chevrier: I should like to ask the leader of the house what business the house will be doing on Thursday and Friday.

Mr. Churchill: Owing to the interruption occasioned by this debate today and the change in the program, tomorrow we will go on with the Trans-Canada Highway Act, followed by the estimates that I announced the other day. That would be the business for Thursday and Friday. On Monday and Tuesday there will be a supply motion.

Mr. Speaker: Before announcing the adjournment of the house may I say that some repair work is being done on the bells. If hon. members hear the bells ringing after six o'clock it does not mean that the house is reassembling.

It being four minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PRODUCTION CONTRACTS, CF-104

Question No. 223—**Mr. McIlraith:**

1. Have any production contracts been signed with any company or companies for the production of the CF-104? If so, on what date, to what companies and for what amounts?
2. Have any arrangements been made with respect to subcontracts for airframe components? If so, what is the nature of these arrangements?
3. Will subsidies be paid to industry so that CF-104 components will be made in Canada?
4. What is the total number of CF-104's to be produced?
5. What is the estimated cost per unit?
6. What is the date for the expected delivery of these planes?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. A number of contracts have already been signed, details of which are given on the attached list "A" to the total value of $239,621,209.

2. The successful prime contractor included in his proposal a comprehensive outline of its recommendations for subcontract arrangements. These arrangements contemplated a wide distribution of subcontract work. The department is being particularly careful to monitor the prime contractor to ensure this wide distribution of subcontracts and, in fact, the term of the contract requires that the prime contractor receive approval by the department for all major subcontracts.

3. In appropriate cases industry is being assisted to make components in Canada.

4. The quantity is 200 combat CF-104, plus 14 trainers CF-104D.

5. The estimated production cost of a completely equipped CF-104 combat aircraft is $1,032,000 and a CF-104 D trainer aircraft is $1,409,800. These prices are exclusive of armament.

6. The delivery schedule is classified. It is expected, however, that aircraft will be coming off the final line by the end of February 1961.

LIST "A"

CF-104 CONTRACTS SIGNED

Date	Name of Company	Amount	Contract for
		$	
Sept. 17/59	Lockheed Aircraft Corporation	7,760,000	Licence and technical assistance agreement (aircraft).
Dec. 22/59	Lockheed Aircraft Corporation	19,238,278	Engineering and reconfiguration agreement.
Letter of Intent dated Aug. 21/59	Canadair Limited	2,000,000 (included in contract below)	Production of CF-104 aircraft.
April 8/60	Canadair Limited	91,074,023	Production of CF-104 aircraft.
April 8/60	Canadair Limited	766,176	Agency agreement.
Letter of Intent dated Oct. 1/59	Orenda Engines Limited	1,303,000 (included in contract below)	Pre-production of J-79-7 engines.
March 2/60	Orenda Engines Limited	85,128,000	Production of J-79-7 engines.
Dec. 10/59	Canadian General Electric	3,400,000	Licence and technical assistance agreement (engines).
Jan. 12/60	Lockheed Aircraft Corporation	19,654,017	14 trainer aircraft—2 seaters.
Feb. 15/60	Computing Devices of Canada Ltd.	500,000 (interim contract)	PHI MK5 (ceiling—$3,985,940).
Feb. 8/60	Litton Industries	3,000,000 (interim contract)	Inertial navigation system—(ceiling —$25,200,000).
Feb. 15/60	Honeywell Controls	1,600,000 (interim contract)	Automatic flight control system—(ceiling—$10,821,700).
Pre-Prod. Contract only—Nov. 19/50	Canadian Westinghouse	1,000,000 (interim contract)	NASARR
Pre-Prod. Contract only—Dec. 22/59	Canadian General Electric	45,000	G. E. tab computor.
Jan. 12/60	Northern Electric Co	303,000	TACAN—tooling
Jan. 11/60	Northern Electric Co	2,129,340	TACAN—production.

Questions

LIST "A"—*Concluded*

Date	Name of Company	Amount	Contract for
		$	
Pre-prod. contract only—			
Dec. 22/59	Canadian General Electric	25,000	GE missile in-range computor.
Feb. 8/60	Railway and Power	1,454,594	1. Attitude indicator. 2. Turn rate sensor.
Jan. 20/60	Aviation Electric Ltd.	176,000	Accelerometer recording.
Dec. 31/59	Aviation Electric Ltd.	96,408	Transmitter—fuel flow.
Dec. 31/59	Aviation Electric Ltd.	18,990	Indicator—fuel flow meter.
Dec. 31/59	Aviation Electric Ltd.	18,990	Indicator—oil pressure.
Dec. 31/59	Aviation Electric Ltd.	25,144	Indicator—tail pipe temperature.
Dec. 31/59	Aviation Electric Ltd.	46,415	Indicator—hydraulic pressure.
Feb. 25/60	Aviation Electric Ltd.	820,493	Generator bendix 28B23.
Feb. 25/60	Aviation Electric Ltd.	564,893	Voltage regulator.
Feb. 25/60	Aviation Electric Ltd.	267,480	Control panel.
Mar. 10/60	Garrett Manufacture	250,000	Air data computor.
Mar. 25/60	Aviation Electric Ltd.	99,468	Accelerometer pioneer central.
Mar. 25/60	Canadian General Electric	97,000	Transmission, hydraulic pressure.
Mar. 9/60	Waltham	62,500	Clock—Waltham.
	TOTAL	239,621,209	

NATO WHEAT FLOUR PURCHASES AND TRANSFERS

Question No. 271—**Mr. Cardin:**

1. Did Canada in the last fiscal year purchase or transfer wheat flour for strategic stock piles in member states of NATO? If so, in what amounts and in what member countries?
2. Have any expenditures been made from vote 506 in the estimates for 1959-60?
3. Have any terms and conditions been laid down by the governor in council for the purchase and transfer of wheat flour?
4. If so, what are these terms and conditions?
5. Have any orders in council been passed in this connection and on what dates?

Answer by: **Hon. Howard C. Green (Secretary of State for External Affairs):**

1. No.

2. No.

3. No, but when the Canadian offer was made known to NATO countries in 1958, certain terms and conditions were laid down; these were reflected in the exchange of notes that took place in Ottawa on April 25 between the Secretary of State for External Affairs and the Norwegian ambassador.

4. Copies of the notes were tabled on April 26, 1960.

5. Order in council P.C. 1960-490 of April 13 authorized the Secretary of State for External Affairs to conclude an agreement with the Norwegian ambassador.

ARMED SERVICES—RELEASE OF PERSONNEL

Question No. 326—**Mr. Argue:**

1. How many persons with less than 20 years regular and wartime service have been released from each of the armed services in receipt of a pension during each of the last five years?
2. Were any of these persons released because of (a) inefficiency; (b) to promote economy or efficiency; (c) medical reasons; (d) misconduct?
3. If so, how many in each year, in what service and for what reason?
4. How many persons with over 20 years regular and wartime service have been honourably released from each of the armed services, without entitlement to a pension, during each of the last five years?

Answer by: **Hon. Pierre Sevigny (Associate Minister of National Defence):**

Questions

1.

RCN		ARMY		RCAF	
1955	10	1955	16	1955	11
1956	15	1956	112	1956	49
1957	27	1957	533	1957	94
1958	19	1958	261	1958	128
1959	34	1959	211	1959	127

2. and 3. Yes.

	RCN				ARMY				RCAF			
	(*a*)	(*b*)	(*c*)	(*d*)	(*a*)	(*b*)	(*c*)	(*d*)	(*a*)	(*b*)	(*c*)	(*d*)
1955	—	2	8	—	3	10	3	—	4	3	4	—
1956	—	10	5	—	1	100	11	—	3	39	7	—
1957	—	23	4	—	4	469	58	2	12	71	11	—
1958	—	14	4	1	4	225	31	1	10	88	30	—
1959	1	23	10	—	3	171	36	1	3	101	23	—

4.

1955		1955		1955	—
1956		1956		1956	1
1957	NIL	1957	NIL	1957	1
1958		1958		1958	1
1959		1959		1959	4

HOUSE OF COMMONS

Thursday, April 28, 1960

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

IRAN—ANNOUNCEMENT OF GRANT TO ASSIST EARTHQUAKE VICTIMS

Mr. W. B. Nesbitt (Parliamentary Secretary to the Secretary of State for External Affairs): Following the statement made by the Secretary of State for External Affairs on April 26 concerning the recent earthquake in Iran, hon. members will wish to know that on the recommendation of the Canadian Red Cross Society a grant of $10,000 has been made from the international relief fund to assist the unfortunate victims of the disaster. These funds are being sent by the Canadian Red Cross Society to the league of Red Cross Societies in Geneva for the purchase of urgently required medicines and emergency supplies.

We are keeping in close touch with the situation in Iran through the Canadian representative in Tehran and with the Canadian Red Cross Society in case further assistance of this kind may prove appropriate.

THE MINISTRY

INQUIRY AS TO ACTING PRIME MINISTER AND SECRETARY OF STATE FOR EXTERNAL AFFAIRS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I am not quite sure to whom I should address this question, but perhaps in the circumstances I might address it to the Minister of Finance and ask him whether he can inform the house who, in the absence of the Prime Minister, is to be Acting Prime Minister, and who, in the absence of the Secretary of State for External Affairs, is to be acting in that capacity.

Hon. Donald M. Fleming (Acting Prime Minister): I will do my best to fulfil the duties of the first role.

Mr. Pearson: I wonder whether the minister, in his new capacity, could answer the second part of the question.

Mr. Fleming (Eglinton): The Minister of Justice (Mr. Fulton) will be the Acting Secretary of State for External Affairs.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder whether I may ask the minister a supplementary question. May I ask the Minister of Finance if he is also acting president of the council?

Mr. Fleming (Eglinton): We shall do our humble best to fulfil the duties that may devolve upon the Acting Prime Minister in the absence of the Prime Minister.

Mr. Pickersgill: I am afraid the minister did not hear my question. I asked him whether he was acting president of the privy council.

Mr. Fleming (Eglinton): There is no president of the privy council as such in the present government. The practice has been that the Prime Minister acts as president of the council. In the present instance the Acting Prime Minister will endeavour to discharge all the duties that devolve upon that office, including that of acting as president of the council as occasion may require.

Mr. Pickersgill: May I ask the minister a still further supplementary question. Will the Acting Prime Minister ascertain whether the Prime Minister was not in fact made president of the council some time after he became Prime Minister?

Mr. Fleming (Eglinton): I have stated the fact, Mr. Speaker.

Mr. Pickersgill: I wonder whether the minister would verify it.

BUSINESS OF THE HOUSE

INQUIRY AS TO INTRODUCTION OF NATIONAL CO-OPERATIVE ACT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wish to direct a question to the Acting Prime Minister. Can he say whether the government has under consideration a draft national co-operative act, as submitted to the government for consideration by the co-operative union of Canada? Is it the intention of the government to introduce such a bill or a bill of this type during this session and have it stand over until next session for further action?

Hon. Donald M. Fleming (Acting Prime Minister): I am not aware of any such draft bill having yet been submitted. It may be the fact that it has been submitted by the

organization to which the hon. member refers. If it were the intention of the government to bring such a bill forward for enactment either at this session or at a later session, that fact would be made known to the house in due course.

Mr. Argue: In view of the Acting Prime Minister's statement and in view of the recommendations of the royal commission having to do with food marketing, may I ask whether the government itself is considering, without this submission, the introduction of such an act this session?

Mr. Fleming (Eglinton): The same response applies, Mr. Speaker. If such a measure is contemplated for introduction at this session the house will be made aware of the fact in due course.

REFERENCE OF NATIONAL DEFENCE ESTIMATES TO SPECIAL COMMITTEE

On the orders of the day:

Hon. Paul Hellyer (Trinity): Could the Minister of National Defence advise the house whether it is his intention to move sometime next week that his estimates for the current year be referred to the special committee on defence expenditures, which I understand will be set up next week?

Hon. G. R. Pearkes (Minister of National Defence): I believe that will be done by the house leader.

EXTERNAL AFFAIRS

DISARMAMENT—PROPOSED INTERNATIONAL POLICE FORCE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Acting Secretary of State for External Affairs a question based on a press dispatch from Geneva which has just been brought to my attention. Because I have not been able to give him notice of the question he may wish to take it as notice. The question is whether it would be possible to make public a proposal which is reported to have been made by General Burns at Geneva, and which is given in some detail in the New York *Times*, with regard to an international police force as part of the western proposals at the current disarmament meeting.

Hon. E. D. Fulton (Acting Secretary of State for External Affairs): Mr. Speaker, I shall have to obtain a report, look into the matter and give the Leader of the Opposition an answer at the earliest possible moment.

[Mr. Fleming (Eglinton).]

CANADIAN BROADCASTING CORPORATION

STATEMENT AS TO FRENCH NETWORK PROGRAM ON MARSHAL PETAIN

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I ask the Minister of National Revenue whether his inquiry in connection with the program to which I referred on two earlier occasions has materialized, and whether he is able to give any information to the house in connection with it now.

Hon. George C. Nowlan (Minister of National Revenue): I was awaiting an opportunity to reply to the question of the hon. member for Laurier.

I am advised by the C.B.C. that the broadcast about Marshal Petain was part of a C.B.C. recorded series which started some time ago. As a matter of fact the sequence of the broadcasts was set at the time the series was first planned and organized in October of 1959. This was prior, of course, to the announcement of the visit to Canada of President de Gaulle. The sequence placed the Petain broadcast on April 18. This happened to be the day the President of France arrived in Ottawa.

In the same series a week previously—that was on April 11—another broadcast in that series on "The Liberation of Paris" dealt with the role played by General de Gaulle in that very historic event.

NORTHERN AFFAIRS

HAY RIVER, N.W.T.—ACTION TO OVERCOME ISOLATION DUE TO SPRING BREAK-UP

On the orders of the day:

Mr. Armand Dumas (Villeneuve): I wish to direct a question to the Minister of Northern Affairs and National Resources. Has the minister received a telegram from the citizens' committee of Hay River, Northwest Territories, requesting that he carry out his promise of three years ago that he would do something within a year to prevent the citizens of that community from being isolated from the rest of the world each spring because of the washing out of the fill across the Hay river connecting the Mackenzie highway with that community?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): To my knowledge there has been no recent wire, but there have been frequent communications and consultations with the community of Hay River, and they are fully aware of the actions that are being taken at the present time.

Mr. Dumas: Mr. Speaker, I wish to draw attention to the fact that the wire is dated April 27. This is a very recent wire.

PUBLIC WORKS

CONSTRUCTION OF DREDGE FOR USE ON PACIFIC COAST

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Public Works. Is it the intention of the Department of Public Works not to proceed with the building of the new hopper dredge on the west coast, as I understood was decided earlier, at a cost of somewhere in the neighbourhood of $3.2 million?

Hon. D. J. Walker (Minister of Public Works): I have nothing further to report to the house, Mr. Speaker, than that which I have already gone into in detail.

Mr. Chevrier: May I ask a supplementary question. Can the minister say why the laying of the keel was delayed from November of last year to April of this year?

Mr. Walker: I was not aware that there was any delay, Mr. Speaker.

Mr. Chevrier: Mr. Speaker, apropos of the question I asked the Minister of Public Works earlier, I should like to ask him an additional supplementary question. Will he inquire from his departmental officials whether it is a fact that the laying of the keel of the dredge was postponed?

Mr. Walker: I will be very happy indeed to do that.

INTERNATIONAL TRADE FAIR

REPRESENTATIVES TO CONFERENCE—REPORTED STATEMENT BY POSTMASTER GENERAL

On the orders of the day:

Hon. W. M. Hamilton (Postmaster General): On Tuesday the hon. member for Cartier (Mr. Crestohl) directed two questions with regard to Canada's bid for the world's fair in 1967 to the Minister of Trade and Commerce, who said the questions could more properly be answered by myself.

The first question asked if the house could be informed whether the mayor of Montreal had been invited as an official representative to the conference. In reply I may say that the federal government is anxious for the inclusion in its delegation to the bureau of international exhibitions meeting on May 5 of representatives from both the province of Quebec and the city of Montreal, and we have so indicated through appropriate channels. However, up to the present we are not aware who will represent the city of Montreal.

In the second part of the hon. member's question he asked why the Postmaster General had announced in Montreal that Canada has a slim chance of having the fair. I draw his attention immediately to the fact that the use of the word "slim" was by the newspaper headline writer, and was not my own word at all. I did say that the sudden entry into the bureau of seven countries which have consistently supported the U.S.S.R. in its international relations has made the position of Canada and Austria, which are the only other two countries seeking the fair, more difficult. I think this is obvious, since the choice between the U.S.S.R., Austria and Canada will be made by the bureau based on the votes of its member states, and the hon. member is quite conversant with the voting practices.

Hon. L. B. Pearson (Leader of the Opposition): May I ask a supplementary question of the minister. Has consideration been given to the possibility of persuading seven of Canada's friends to join the bureau?

Mr. Hamilton (Notre Dame de Grace): The latest development took place quite suddenly, and membership in the bureau must be sought at least one month before the meeting in which the new countries will vote.

IMMIGRATION

INQUIRY AS TO ADVERTISING CAMPAIGN IN UNITED KINGDOM

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Citizenship and Immigration, based upon government of Canada immigration services advertisements placed in British provincial newspapers.

In view of the unemployment here, and the advertising campaign of the minister's department in Great Britain for immigrants in a wide category of occupations, can the minister explain the scope and intention of the recruiting now being carried on in the United Kingdom?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, the advertisement to which the hon. member refers is primarily an invitation to persons to attend film showings. Included in it, I believe, is a list of occupations in which there are vacancies at the present time. These are openings of which we were advised by the national employment service. There are always a few openings at various places in Canada, regardless of the employment situation.

Inquiries of the Ministry

Mr. Harold E. Winch (Vancouver East): May I ask a supplementary question. I have recently seen this advertisement, and it states that there are many openings in Canada for carpenters, painters and electricians. Will the minister kindly explain why this advertisement in the United Kingdom should say there are many openings in these trades, in view of the fact that unemployment in these trades constitutes a major part of the unemployment problem?

Mr. Speaker: Order. It seems to me that the hon. member is undertaking to debate the matter rather than ask a question.

Mr. Winch: No, I am not. I am asking why.

Mr. Fisher: I should like to direct a supplementary question to the Minister of Labour, and ask if he would check the information that is provided as to these vacancies with the department of the Minister of Citizenship and Immigration, because the types of jobs set out in this advertisement would seem to be already very well covered in this country.

Mr. R. D. Thrasher (Parliamentary Secretary to the Minister of Labour): I will be very happy to bring that matter to the minister's attention.

HOUSING

REQUEST FOR REMOVAL OF RESTRICTIONS ON BUILDING

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Public Works. With housing starts down nearly 50 per cent in the first quarter of this year compared with the first quarter of last year, and with unemployment still with us to an alarming degree, will the government now give consideration to altering its present declared policy of restricting house building in 1960 below the level of 1959?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I want to thank my hon. friend for the question, and to reassure him that the government has this matter under constant consideration.

Mr. J. A. Habel (Cochrane): I should like to ask a supplementary question. Has the minister received any protests from the municipalities of northern and northwestern Ontario as to the effect the new amendment will have on the construction of new houses in these localities?

Mr. Walker: Would the hon. member be good enough to tell me what municipality?

[Mrs. Fairclough.]

Mr. Habel: All of them in northern and northwestern Ontario. They are all up in the air about it.

Mr. Walker: We have had some representations from people in municipalities, but not from municipalities.

Mr. Garland: May I ask a supplementary question. Since we are rapidly approaching what normally should be the peak of the building season, I wonder whether the government is giving any consideration to making more funds available for direct lending; funds, I might add, which have already been approved by parliament.

Mr. Walker: May I reiterate that all day to day matters in connection with housing have our constant consideration and if, as and when any change is made the matter will be drawn to the attention of hon. members.

ARTS, LETTERS AND SCIENCES

SUGGESTED SCHOLARSHIP FOR MONTREAL "GAZETTE" CORRESPONDENT FOR ORIGINAL POETRY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources. I apologize for not sending him notice; I have just thought of the question. Would the minister read today's *Gazette*, which contains a poem by Arthur Blakely entitled "Stanzas Written in Dejection on Being Misquoted", and say whether it justifies a recommendation to the Canada Council for a scholarship?

POST OFFICE DEPARTMENT

DIRECTIVE RESPECTING DISPOSAL OF U.S. COINS

On the orders of the day:

Mr. Azellus Denis (St. Denis): I should like to direct a question to the Postmaster General. Is the Postmaster General aware that under date of April 12, 1960, the district director of postal service issued a circular to post offices directing that whenever possible United States coins accepted by post offices should be handed out as change to other patrons, in view of the fact that a discount is charged on such coins by the banks?

Hon. W. M. Hamilton (Postmaster General): No, Mr. Speaker, I was not aware of this rather ingenious suggestion on the part of the district director.

Mr. Denis: May I ask a supplementary question. Would the minister look into that matter and make a comment on it? If it is

true, then would he accept these falsified dollars in any amount which may be given to the postmasters?

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, seriously, to the best of my knowledge United States coinage has been accepted in this country for a good many years, and has passed back and forth across the counters. I imagine it will continue to do so for some time to come.

Mr. Denis: This circular is addressed to every employee accepting money—

Some hon. Members: Order.

Mr. Speaker: If hon. members will give the hon. member a chance, I shall try to determine whether or not he is asking a question.

Mr. Denis: It is only in order to contradict—

Some hon. Members: Order.

Mr. Speaker: I understand that the post office estimates are to be called very shortly, and the hon. member will find that a more suitable opportunity for pursuing the matter.

Mr. G. J. McIlraith (Ottawa West): May I ask a supplementary question of the Postmaster General. Would he explain to the house why he has had his postmasters instructed to get rid of United States coinage to members of the public in that way?

Mr. Hamilton (Notre Dame de Grace): As I explained to the hon. member for St. Denis just a moment ago, I had no particular knowledge of this order, but I will be glad to look into it.

Mr. Chevrier: May I ask whether this is another difference of opinion between Coyne and Fleming?

AGRICULTURE

DEFICIENCY PAYMENTS—COMPLETION OF STATEMENT BY PRIME MINISTER

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Acting Prime Minister whether, when the agriculture estimates are called later today or tomorrow, it is his intention, in his acting capacity, to continue the statement on deficiency payments which the Prime Minister unfortunately had to interrupt the last time the estimates were before the house.

Hon. Donald M. Fleming (Acting Prime Minister): No, Mr. Speaker.

TRANS-CANADA HIGHWAY ACT

AMENDMENTS TO EXTEND PERIOD OF PAYMENTS AND INCREASE MAXIMUM EXPENDITURES

Hon. D. J. Walker (Minister of Public Works) moved the second reading of Bill No. C-57, to amend the Trans-Canada Highway Act.

Mr. Pickersgill: Is the minister not going to say anything?

Mr. Walker: Mr. Speaker, there is no question of principle involved today. This act has been gone into in 1949, 1956 and 1959, and the principle of the bill has been debated at great length. I would only be guilty of repetition in taking up the time of the house by adding anything further at this stage, so at this time I do not propose to make any comment. I will be very happy, however, when the house goes into committee to answer any questions and perhaps say something at the end of the discussion.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, perhaps it will not surprise you when I assure you that I have none of the fear of repetition that seems to be in the mind of the Minister of Public Works. Not only have I no fear of repetition, but in view of the scant impression which seems to have been made on the mind of the minister by the debate which took place at the resolution stage it seems to me that a certain amount of repetition is called for, and urgently called for.

At the time the resolution preceding this bill was before the committee, namely on March 29, my hon. friend the Leader of the Opposition set out, as recorded on page 2562 of *Hansard*, the position of the Liberal opposition on this bill. I want to repeat, not in the same words precisely but in substance, what was said by the Leader of the Opposition at that time. I do this because we on this side of the house are constantly being taunted by the government with the statement that we have no alternatives to suggest to the policies which are put forward by the government.

I want to make it abundantly clear that in this matter we have an alternative. We have an alternative which has been put clearly before the house and the country, an alternative which goes some part of the way, but not the whole distance, that hon. gentlemen who now occupy the treasury benches, notably the Minister of Justice (Mr. Fulton), the Secretary of State for External Affairs (Mr. Green) and the Minister of Transport (Mr. Hees), suggested it should go when the previous government were in office.

Put very briefly, the position of the Liberal party of Canada in this matter is that owing to the disability under which they suffer with respect to transportation, the government of Canada should pay in the Atlantic provinces, and in the Atlantic provinces only, 90 per cent of the cost of building this national undertaking.

The first statement on behalf of the Leader of the Opposition was made before March 31, 1958, in these words. This was a statement issued from the office of the Leader of the Opposition:

> In reply to a request about the scale of assistance contemplated in the Liberal program to provide special assistance for the building of trunk highways in the Atlantic provinces, Mr. Pearson stated that what he had in mind was the assumption by the federal government of 90 per cent of the cost of completing the trans-Canada highway in the four Atlantic provinces and the earliest possible discussion with the governments of those provinces about the routes of other key trunk highways which would be eligible for federal assistance.

As the Leader of the Opposition stated when he spoke here on March 29, that continues to be the policy of the Liberal opposition. Moreover, when he spoke on that occasion, the Leader of the Opposition quoted a statement by the present Minister of Justice when he was sitting on this side of the house on April 16, 1956. He said, as reported on page 2942 of *Hansard* of that date:

> I said a few words prior to the adjournment on that day in which I had just got to the point where I was seeking to demonstrate that the proposal now before the house—

That is the proposal which is now before the house, I would remind the Minister of Justice and the Minister of Public Works, because there has been no change whatever by the present government from the scheme put forward at that time.

> —is neither adequate to ensure the completion of the trans-Canada highway by the date mentioned in the resolution, namely, December 31, 1960, nor is it fair—

I hope the Minister of Public Works will mark these words.

> —as between provinces which are participating members under the trans-Canada highway agreement.

So here we have the Minister of Justice when he was sitting on this side of the house saying that this legislation was not "fair as between provinces". Those are his words; yet he is now participating in a government which brings forward an extension of precisely the same legislation without changing anything in it except the date of completion of the road.

What accounts for this extraordinary change in view? I could go on and quote the Minister of Transport who, speaking with that moderation with which he always spoke when he sat on this side of the house, carefully weighing every word, so characteristic of that hon. gentleman in those days, had this to say as reported on page 2955 of *Hansard* for April 16, 1956:

> I think that we in this parliament, particularly the government, must face up to the hard, cold fact that if this highway is to be built within the foreseeable future, the federal government must assume the financial responsibility for its construction and stop playing around with makeshift methods of trying to get it built.

I repeat; "must stop playing around with makeshift methods", said the present Minister of Transport in 1956. I assume there is still a little collective responsibility left in the government in 1960, although after the display of the day before yesterday one sometimes doubts it. If there is any collective responsibility the Minister of Transport is equally responsible with the Minister of Public Works and the Minister of Justice for the legislation now before the house. What did the Minister of Transport call it when he sat on this side? It was a "makeshift method". This Liberal makeshift method is the Tory policy to build the trans-Canada highway.

That is the situation, sir. I have no doubt that the Minister of Public Works, who is like a Bourbon who learns nothing—I do not know about the forgetting part, but he is half a Bourbon—will get up after I am finished speaking, and I am sure he will say, "Well, you didn't do it. Why didn't you do it?"

Well, sir, why did not we do it? We started this trans-Canada highway in 1949 on a 50-50 basis, and this was quite a departure from the previous policy in this connection. It was a pioneering venture undertaken as the result of a decision made at the national Liberal convention of 1948 and implemented by the government of Mr. St. Laurent after the election of 1949. It was a very progressive step, but it was only a step; and when in 1956 the government found that this great project was not being completed at anything like the rate we felt it should be, we made an improvement in the formula, an improvement which provided that 90 per cent of the cost should be paid for 10 per cent of the highway.

I was a member of the government when that decision was made and was of course bound by that decision, and I defended it. However, I do not mind admitting that even at that time I would have liked to go a bit further, and we found even after that change that the progress was not as rapid as it should have been. We also found that the rate of progress was very different in different provinces. In the prairie provinces, where

the problems of building were not nearly so great and where the road was in fact the main road across the province anyway, they were getting ahead very rapidly. But in other parts of Canada, for one reason or another into which I will not bother entering here, the progress was very slow, notably in the province of Ontario, and for that it is hard to find any excuse whatsoever.

At any rate, Mr. Winters came in here and proposed, and parliament agreed, to pay 90 per cent of the cost of 10 per cent of the highway. Of course the provinces had the chance to choose the most difficult 10 per cent, and I would guess most of them did so.

In order to speed things up, we in the Liberal party came to the conclusion by 1958, when we held our national convention, that even this would not get the road in the Atlantic provinces completed within a reasonable time. Why? It was because those provinces could not afford, out of their annual revenues, to devote enough money to this particular project. In fact in Nova Scotia they had barely started. The view taken by the government of Nova Scotia through the early years after 1949 was that this road, because it was not the main highway in the province and because there were other roads in the province serving the same areas, did not have the same priority from the provincial point of view as other roads did. In fact an agreement was not entered into for several years.

The plain fact is that while from a national standpoint this road is, in my opinion, very important, in some of the provinces—Ontario, for example—it does not assume the same importance. I know about this, in the case of Nova Scotia, because I was in the gallery of the Nova Scotia legislature myself a couple of years ago and heard the minister of highways say that they did not feel they could give a high priority to the trans-Canada highway over other roads for which they also had to pay.

It is not for me to say why this situation should exist, but it certainly does, as experience has shown. Even, as in the case of the province of Newfoundland, where the highway is the main road in the province, there is still not enough in the provincial budget that can be devoted to the completion of this project after all the other essential expenditures have been made. That is why we took the view at the national Liberal convention of 1958 that additional help should be given to the provinces with respect to the construction of roads in the light of the fact that considerable provision had been made elsewhere to assist railway construction. In the Atlantic provinces, except for one small line in New Brunswick, railways were no longer the answer to transportation problems, and roads obviously were. However, railways were still being built—very long railways in the province of Quebec, and considerable branch lines in Ontario, in addition to railways in all the prairie provinces and in British Columbia—for virtually all of which very substantial assistance was provided by parliament.

Mr. Winch: We have not been paid yet in British Columbia.

Mr. Pickersgill: I did not know the hon. gentleman had joined the Social Credit government of British Columbia, but if the Social Credit government have not yet been paid it is because they did not apply for payment, because payment was provided for part of that railway, if I remember well, and I am sure the hon. gentleman will recall that also because I believe he was a member of this parliament when the provision was made.

In any event, in most of the provinces of Canada, from and including Quebec westward, very substantial sums were provided since the war for the building of railways, while virtually nothing has been provided for the building of new railways in the Atlantic provinces, though I admit that a good deal has been spent on the improvement of existing lines. There was nothing exceptional about that; it is the general practice in all the provinces.

However, we took the view that since roads were the real need, roads rather than railways, which were helped elsewhere, had become a matter of national importance, because we in the Liberal party were of the opinion that it is a national responsibility to try to maintain conditions across Canada as nearly equal as it is possible to maintain them. The Minister of Justice said this legislation which he is now helping to sponsor was unfair. It is unfair; there is no question about that. It is very unfair, and that is one of the reasons why we adopted this proposal which was put forward in 1958.

My hon. friend from Humber-St. George's (Mr. Batten) in a speech he made on March 31, I think it was, made a masterly analysis of the situation which gave one a real insight into the per capita costs and the difficulties encountered by the various provinces. It was a masterly speech which it would be wrong of me to repeat to the house at any length but in my opinion the most striking of all the many remarkable statistics my hon. friend put on the record was the comparison between British Columbia and Newfoundland.

The hon. member for Vancouver East (Mr. Winch) can relax, because I am going to admit

the point he wants made. We all recognize that the difficulties of building roads in British Columbia are great, that they are probably greater in some areas of that province than they are in any other province. But they are not very much greater than they are in the province of Newfoundland, and there is this additional difficulty with which I shall deal. The figures show that 13 per cent of the total length of this trans-Canada highway is in British Columbia and 13 per cent is in Newfoundland. In other words there is about the same length in each of the two provinces. However, the cost of the provincial share has to be spread among less than half a million people in Newfoundland as compared with about two million people in British Columbia.

Mr. Winch: What is our area?

Mr. Pickersgill: The area is precisely the same, as I pointed out. The trans-Canada highway has the same width and the same length. If you multiply the width by the length you get the area. It happens to be 13 per cent of the total in each case.

Mr. Winch: There is a big difference when you multiply the area by the width. There is a difference between a small wood and a big wood.

Mr. Pickersgill: I thank the hon. member for his diversion. It is almost worthy of the Prime Minister.

The point from which I refuse to be diverted, because it is an extreme example, is this. Here we have a road which we are building as a national undertaking right across Canada. Thirteen per cent of it is in the most westerly province and 13 per cent in the most easterly province, but there are at least four times as many people in the westernmost province to pay their share. Then, to compare incomes, the westernmost province enjoys the highest average income in the whole country, while unhappily—I am sorry to have to say it, but it is true—the easternmost province has the lowest. No wonder the Minister of Justice when he sat on this side of the house and was free to express his opinion said this situation was unfair. It is unfair, and that is why we changed our policy—and we are not ashamed of the fact that we learn things.

Mr. Winch: Why did you change it in 1958, after you were defeated?

Mr. Pickersgill: Because we did not change it before. That seems to me to be a good reason, and I am not ashamed to admit that I have changed my mind about a good many things. Why did we change the 50-50 formula to the 90-10 formula? It was because we had learned something. The Minister of Transport, when he sat over here, said the whole road should be paid for by the treasury of Canada. What has happened to him since he went to sit over there?

An hon. Member: He has learned something and changed his mind, too.

Mr. Pickersgill: He has learned that he is not the boss. He has learned that the Minister of Finance would just say no. He was not the only one to offer hopes. I have here the text of a very interesting television performance put on by the Minister of Public Works in the city of St. John's on October 19, 1959. That was the same day the minister had the satisfaction of presiding over the opening of a public building in the city of St. John's which was at that time, I think, the largest building in that city, and which was built by a Liberal government. On that day the minister made a very favourable impression in St. John's, I might say. I happened to be there, and I had the pleasure of seeing him on television. I thought he put on a very good performance. However, I thought I should like to have the text of his performance, because I anticipated that the day might come when it ought to be recorded in a less perishable form than on television. There are bits of it I should like the house to read, and I am sure the minister would be delighted to hear them. Mr. Jamieson, the interlocutor, had asked the minister some questions about term 29. I am not going to repeat those questions, because I realize they would not be relevant to this debate, though perhaps I could make them relevant if I were challenged. Mr. Jamieson said this:

> In other words, I gather that this is another way of saying what was emphasized earlier—

That was in the minister's previous answer.

> —that in so far as the federal government is concerned, it is not a matter of wiping out Newfoundland's special needs, but that there is still recognition of the fact that we do have special needs in this province.

This is the minister's reply:

> Very, very much so, and there's no one, I think, who appreciates the needs of Newfoundland more than the dominion government at Ottawa.

There might be two views about that matter, but this is what the minister said. Then a little later on—there are several other questions which are not relevant to the trans-Canada highway—I come to this question:

> Well, sir, something else that came up at the press conference this morning was the question of the over-all attitude of the federal government here with regard to the trans-Canada highway. Again, this is of great concern to us in Newfoundland, and I think you had some comments that the paving, in the park at any rate, would be done next year.

This was in 1959. Here is the minister's reply:

> Yes, the part that we are 100 per cent responsible for is your wonderful park—

I am extremely pleased that the minister recognized that the park the Liberal government established in the year 1957 is the wonderful park that we know it is. He said:

> Yes, the part that we are 100 per cent responsible for is your wonderful park, and that 26 miles will be completed early in 1960.

I can tell the minister that was very good news. I have since learned that tenders have been called, and I hope he will not be too long in deciding to let the contracts. Some of us expect to ride over that road this summer, early in 1960, if we can get away from here. Then he went on to give some figures of the cost, and went on to explain the cost-sharing formula which is well known to the house and which it would be an imposition to repeat. Then Mr. Jamieson said this:

> Sir, I am aware of the fact, of course, that you can't discuss matters of government policy.

I do not know why. When I was a minister I did not hesitate to discuss matters of government policy, but perhaps the minister is more discreet in this matter. I continue with the quotation:

> There has been a suggestion, in other parts of Canada as well, that perhaps the whole basis for the construction of the trans-Canada highway might have to be changed. Is there any likelihood, or is there any suggestion that the whole policy might be reviewed?

The minister's reply was as follows:

> Oh, well, I think the policy ought to be reviewed.

I emphasize that statement. He said:

> Oh, well, I think the policy ought to be reviewed . . . At the end of 1960, the trans-Canada act runs out and certainly we can't see the provinces left in the lurch, and this is a tremendous project, particularly in Newfoundland where you really want to have a trans-Canada highway go from sea to sea, and we're anxious to co-operate and I am sure that some form of extension will be arranged and I trust it will be satisfactory to your provincial government.

I am not seeking to suggest for one minute that the minister in any of those words went one iota beyond the bill that is now before us, because that would be unfair. But I suggest that the average Newfoundlander listening to those words would get the impression that when the new legislation came along we were going to get a better deal than we had before.

The minister did not say so. I am not saying that he said so. However, I am saying that even I, with all my experience and with all my suspicion of the minister, thought there might be some faint chance that these words were meant to be more than just a hope. Then the best this government could do was to go on precisely along the lines of the previous government which they are so fond of condemning so much of the time and which they promised, of course, not merely to replace on the treasury benches but to change all those things that were being done so inadequately.

One would have thought that one of the things that would most assuredly have been changed would be something which the Minister of Justice, of all men, said was not fair, and particularly when so influential a member of the government as the Minister of Transport said the whole thing should be paid for out of the federal treasury.

An hon. Member: You said that before.

Mr. Pickersgill: I said that before, but perhaps it is important occasionally to repeat these things until they are grasped by some hon. members.

There was one other thing that I found extremely disappointing in the debate on the resolution, apart from the intransigent attitude on the part of the Minister of Public Works in insisting on sticking to the old policies—not the new ones—of the Liberal party. Of course I suppose that would be a definition of conservatism, that Conservatives wear the old, worn-out clothes that Liberals have discarded. I have seen that definition of "Conservative".

In this particular instance that is the thing they are doing. I was greatly disappointed by the speech that was made in this debate by the hon. member for Halifax (Mr. McCleave); I do not know whether I should call him the taller or the junior member for Halifax. I refer to the hon. member for Halifax who sits on this side of the house. The hon. member for Halifax said in effect —and if he thinks I am being unfair to him I am quite willing to read the extracts from *Hansard*—that because the Atlantic provinces grant, for which all of us in the Atlantic provinces who have any sense are very grateful; it is the only thing we have to be grateful to this government for—the federal government had no other obligations in the highway field to the provinces, although the hon. member expressed the hope that some time or other they would build a road into Halifax. I might say that if he and enough people like him had supported us that road would have been started by now, because that is one of the trunk roads that it would be part of Liberal policy to build and one of the most important of them, quite obviously.

But I would remind the hon. member for Halifax that a much different attitude was taken by the Conservative party in 1957, at

the time that hon. gentleman was elected to this house. At that time, although I have not seen the list of names, I imagine the hon. member for Halifax was present at the historic meeting in Moncton when the great charter of the Tory party for the Atlantic provinces was drawn up. At that time the Atlantic provinces were promised Atlantic provinces grants or something equivalent to them. Special adjustment grants they were called in this document, and I take it that is the same thing.

But they were also promised—and it is No. 4 of the Atlantic resolutions—the "adjustment of freight rates and provision of transportation facilities to allow our producers reasonable access to the markets of Canada". The only adjustment in freight rates has been an adjustment upward of 17 per cent, and then 10 per cent was taken off afterwards. So that the only adjustment we have had so far is 7 per cent up, nothing down. It just says "adjustment" here in the Atlantic resolutions. People were intended to believe that it would be an adjustment down, not up, but that is what we have. As for the provision of other transportation facilities, we have had nothing whatever.

That is the whole point. It does not seem to me that any Tory member of this house who subscribes to this Atlantic resolution should be satisfied to support and vote for this bill in its present form, because certainly people in the Atlantic provinces were led to believe by everything that was said before hon. gentlemen opposite attained office that the situation would be different.

There is just one other thing I wish to say about this matter. I regret, and I think every Canadian who really believes that this is a great national project in which all parts of the country should participate regrets very much, that the government of the province of Quebec up to now has not seen fit to participate. I hope, if certain events that many of us look for should come about, that the situation will be changed before too long. This is one reason I am glad that at any rate, if no other change is made in this bill, the time is being extended so that our fellow citizens in Quebec who pay their share in taxes for this road, will get their share of the benefits to which they are entitled and which it is no fault of this parliament, and particularly of this party, that they have not had long ago.

But I do say this, sir. I am rather astonished after the constitutional exposé made to this house by the Solicitor General the day before yesterday in which he told us with respect to another piece of legislation, and perhaps I should quote his exact words from page 3288 of *Hansard*:

> The Liberal legislation was made applicable only to nine provinces out of ten.

He suggested that any law that was applied in only nine provinces out of ten was not constitutional. The Solicitor General is a member of this government, and we all know that our cabinet ministers are equal one to another, even if some are more equal than others. The Solicitor General is a member of the government. He shared the responsibility with the Minister of Justice who said this bill was unfair, and with the Minister of Transport who said it should be on an entirely different basis, and with the Secretary of State for External Affairs who, when he was over here, said the country could afford to spend far more on this road.

That is their record. They all come in here together and jointly recommend the renewal of this Liberal legislation unchanged except for the dates. That is what they are doing, these gentlemen on the treasury benches. But the most astonishing of all is the Solicitor General because, having told us two days ago that a law that was applied only in nine provinces out of ten was unconstitutional, he now comes and brings in a bill which by his own definition is unconstitutional, and he asks us in this house to vote for it. Well, of course, you know—

Mr. Cardiff: Are you going to vote for it or not?

Mr. Pickersgill: It does not make the slightest difference, as the hon. gentleman knows perfectly well, whether we vote for it or not. It is going to be rammed down our throats anyway.

Mr. Cardiff: That is not what I asked you.

Mr. Pickersgill: Of course we are not going to stop the trans-Canada highway, and we are not going to end old-fashioned Liberal legislation if we cannot get anything better; but I am astonished that hon. gentlemen opposite should not be ashamed that they cannot produce anything better after all the claims they made before they went into office. That is the whole point I am trying to make, and I am very grateful to the hon. member for Huron for enabling me to underline the point, because that is what I have been seeking to do.

Mr. Pallett: Is that spelled "underlying"?

Mr. Pickersgill: Mr. Speaker, I regret very much to have to raise a question of privilege, but if I heard correctly what the hon. member for Peel said I fancy he would wish to change it.

Mr. Pallett: Mr. Speaker, there was no statement made by me; there was a question asked of the hon. member. He can answer it or not.

Mr. Pickersgill: If the hon. member wishes to leave it on the record in that form I certainly do not intend to make any issue of it, but I felt that I should draw attention to the words he used.

Mr. Phillips: You are not denying it?

Mr. Pickersgill: I have nothing whatsoever to deny. I am not interested in the denial, but I am rather surprised that the chief government whip should indulge in that particular kind of debate on that particular level.

Mr. Pallett: I will get the hon. member a crying towel in a minute.

Mr. Pickersgill: I want to say one more thing about this matter, and it is pretty fundamental. I do think, sir, that experience with the trans-Canada highway and with some of those other 50-50 sharing arrangements—I said this the last time this bill was before the house and wish to say it again—has shown, as the Minister of Justice said when he was over here, this is a very unfair way to have federal financial participation. It creates a great incentive for provinces that are wealthy or provinces that are favourably situated to accept those proposals and get money out of the taxpayers generally, and it often imposes programs upon other provinces, because of the incentive of some federal money, that perhaps they would not give the first priority to if they were managing their own affairs themselves.

I do think that normally—I say "normally" —the federal government should not make conditional payments to provinces to further provincial objects. I believe it is far better to increase the amount that is paid under equalization payments and leave the provinces generally free and autonomous to carry out their functions as they and their electors see fit.

I was fully in agreement with the Minister of Public Works when he suggested that we should go slow on a second trans-Canada highway and on some of those other projects, not because I object in principle to a second trans-Canada highway, but because I think the whole financial basis of the project should be looked at from two aspects, the financial and also the constitutional basis. I do not mean the phony constitutional basis of the Solicitor General; I mean the genuine constitutional basis, that is to say whether it is really desirable for the federal treasury to be paying half the cost of provincial services when they are really just provincial services, instead of leaving the responsibility to the provincial electors, the provincial legislators and the provincial governments, and putting them, through equalization payments that have no strings attached, in a position to do it themselves.

I think this is doubly important, sir, so long as we are going to have the situation that has now existed for 10 years in the case of the trans-Canada highway, where one province with almost one third of the population is having to bear a share of the cost of this project while getting no benefit from it. I say again, it is no fault of ours, it is no fault of this parliament, but it is a fact. It is a fact that we cannot escape, and I think we should be more careful about the proliferation of schemes of this sort unless we are really sure there will be universal participation right across the country, and unless we are convinced that the division of cost is really equitable, as it certainly is not in this case.

There is no doubt that the greatest beneficiary by far of this trans-Canada highway legislation is the province of Ontario. The province of Ontario has by far the longest stretch of the road, and what we are doing is taxing all the people of Canada to pay out of the federal treasury half plus 90 per cent of the cost of 10 per cent of that road in the province of Ontario. I think it was a good thing to do, because we need a trans-Canada highway. I do not question that we need it very badly, but it should be right across Canada and not part way across. I say that the proposal to extend this kind of sharing into normal provincial services is very dangerous and, as the Minister of Justice has said, it is a very unfair way to do it. I think we should look at it with the greatest possible care.

I would hope that at the federal-provincial conference which is to take place in July this whole question will be considered in relation to the question of equalization. I cannot help but feel that if we could increase the equalization grants, which is fairer because it puts the poorer provinces on a genuine level of equality with the better off ones, and then leave the provinces to do their own job in their own way, we would be acting more in the genuine spirit of confederation and would be distributing the money more fairly. If there are to be more projects of this kind I hope the division of financial cost will be more along the lines of the hospital insurance plan, where there was not only a 50-50 division but some account was also taken of the burden upon the province and its capacity to pay.

I do not agree too often with what the hon. member for Burnaby-Coquitlam (Mr. Regier) says but I must say that I was very pleased that in the debate on the resolution the hon. member, if I understood him correctly and I think I did, gave support to that proposition; because it does seem to me that it is a really important point in the whole business of federal-provincial partnership, of which there has to be a good deal if Canada is really to be a nation and not a series of Balkanized provinces.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, at the outset I must express our disappointment with regard to the limited amendments contained in the bill now before us. After the lengthy debate at the resolution stage we had expected that the government would agree to accept a number of amendments that were offered by the opposition. However, we have to deal with the amendments as contained in the bill now before us.

I regret very much that the minister of highways of the province of British Columbia did not assist us at the resolution stage or even before the resolution stage. Unfortunately he came to Ottawa after the resolution stage had already passed, and he then attempted to persuade the government as to what kind of amendments it should make to the Trans-Canada Highway Act. I believe that as a legislator and cabinet minister he should have known a little better, and should have realized that if he wanted to have any major influence on the policy decisions of the government the time to approach the government was at least not later than the end of the debate at the resolution stage, so the government might have taken cognizance of whatever representation he wished to make before the debate on second reading began.

I regret that the legislation before us will permit the richest provinces of Canada to continue to procrastinate with regard to making their contribution to the completion of what will be our first trans-Canada highway. I should have liked to see in the bill some kind of penalty by way of reduced percentages payable by the federal government to those wealthy areas of Canada that have been standing idly by. I have special reference here to my own province of British Columbia and even more particularly to the province of Ontario. I do not think the House of Commons can continue to encourage indefinitely procrastination on the part of these two richest areas of Canada by continuous postponement of the termination date beyond which the federal contribution will no longer be payable.

We do not intend to oppose the further postponement of that date by three years now being sought by the government. However, we feel that if British Columbia and Ontario do not begin at a very early date to show evidence of more honest intentions to complete their portions of the trans-Canada highway, then the whole basis of federal sharing should be given a very serious review so that an incentive for early completion on the part of the wealthier areas of Canada may be contained in the legislation.

I note that the permissible amount of government expenditure is to be raised from $350 million to $400 million, and I regret very much that at least a portion of the additional $50 million will have to be spent for the completion of the federal government's share of the trans-Canada highway, namely that portion running through our national parks. Much as we regret that some provinces are being very slow in completing their share of the work, we regret even more having to make the observation that the federal government has also been unduly slow. It should have completed its share of the highway, the mileage through the national parks, long before any of the provinces should have been expected to complete their share of the work.

I also regret that in the bill before us there is no amendment to enable the government to undertake the building of an alternative western route as a second trans-Canada highway. It is obvious that the decision of the government is rather confirmed by now, and that the building of an additional national highway will have to wait until the slowest of the provinces has completed its portion of the first trans-Canada highway. In my opinion the lack of any such authority in the bill now before us constitutes discrimination against the provinces of Manitoba, Saskatchewan and Alberta which, if they have not already done so, have about completed their share of the first highway. The lack of a suitable amendment in the bill indicates that they will have to continue to wait indefinitely before they can proceed with other major highway building unless, of course, they are willing to pay the whole cost themselves.

The official spokeman for the Liberal party introduced a rather novel idea as to how the poorer provinces of Canada might be aided and encouraged in building their portions of the trans-Canada highway a little more rapidly. I have great reservations as to the remedy he proposed. He referred to my attitude with regard to the national hospital insurance plan, and attempted to compare the arrangements arrived at in that regard with the arrangements that exist under the Trans-Canada Highway Act.

I believe there are reasons that obtain in the hospital insurance field for the formula that was adopted there that do not apply in this particular case. I am very concerned about the remedy that was offered, because I am not too sure that this is the way in which the Atlantic provinces can be helped to meet their responsibilities. Is the hon. member for Bonavista-Twillingate advocating that this policy which he suggested might be made applicable in many fields of federal legislation? If so, perhaps he would be quite happy to see varying rates of old age pensions being paid in different parts of Canada.

I believe that when this parliament legislates it must legislate under rules and conditions that are applicable to all parts of Canada without discrimination. I am not saying that cognizance should not be taken of the ability of the provinces to meet their responsibilities, but I feel that the federal government should see it is not in the form of discriminatory legislation. This situation should be met by changes in the financial arrangements between the two levels of government. If aid is needed in this field by these eastern governments, that is the time and place where financial resources must be made available to these governments in such a way that they can take their proper place and receive the benefits of specific legislation offered by the parliament of Canada.

I am saying this, Mr. Speaker, with a particular complaint in mind. I regret that in the amendment now before us the government has not seen fit to enact into law a policy decision that was announced in this house by the previous Liberal government. This policy was that if federal money were being used in the building of any portion of the trans-Canada highway, tolls could not be imposed. We in B.C. had serious complaints and differences of opinion in years gone by, I will admit, with the government that is no longer in office. We wanted a federal contribution, for instance, toward the construction of the Oak street bridge, and we wanted to recover part of our contribution by the imposition of tolls. The former minister of public works, Hon. Robert Winters, made it very clear in this house that the government was not prepared to make a contribution to the building of a bridge within a province, or any part of the trans-Canada highway, if tolls were to be imposed and the provincial government enabled to recover its share of the cost thereby.

We heard the same argument again at the time of the building of the new Port Mann bridge. The policy of the federal government was reiterated, and we had to abide by the decision of the federal government in this regard. The reason I would have loved to have that policy announcement included in the amendment now before us is that I notice this policy is not being followed in the province of Nova Scotia. I have received this information since the resolution stage. In a return tabled on April 4 last the Minister of Transport admitted that up to March 1, 1960 the federal government had expended $20,157,201 on the building of the Canso causeway, but the Nova Scotia government is not committed, under any conditions, to the spending of more than $5.5 million. However, the Nova Scotia government are allowed to recover whatever expenditures they may have made by imposing a toll of 75 cents—and that is a high toll—on people using the Canso causeway.

I believe the federal government owes a responsibility to the other areas of Canada that have not been granted this right. It is right to insist that whatever agreement may have been made with the government of Nova Scotia, that agreement be so amended that it forbids Nova Scotia to do this, or that there be written into the legislation a clause whereby any provincial government shall have the right to recover any of its contribution by the collection of tolls on any public undertaking to which the federal government has made a contribution.

I believe that if the people of British Columbia are going to be denied the right to collect tolls, and I agree they ought to be denied that right, we should ask that the same rule of law be made applicable to the people of Nova Scotia using the Canso causeway, which is part of the trans-Canada highway. At one time the Pattullo bridge was not part of the trans-Canada highway, but immediately upon it being made a part of the highway we had to desist from the collection of tolls. We did so, and the bridge has been toll-free ever since. The Port Mann bridge, similarly, should be a toll-free bridge.

Let me say again that I am sure we are aware of the fact that the government of Nova Scotia may need these revenues. They may need them in the worst possible way, just as the hon. member was able to outline the needs of the government of Newfoundland for vast sums of additional revenue if it is going to be able to play its proper role in the development of its economy. However, we feel that the proper method of helping these Atlantic provinces is by substantial increases in their revenues at a time when the federal tax-sharing agreements are up for revision.

We regret that the amendment before us, in the light of the need for national development, in the light of the need for national

unity and the part that highways have played in that regard, in the light of supplying employment and reducing unemployment in Canada, has not made more allowance for the development of the Canadian economy.

Mr. Lawrence E. Kindt (McLeod): I have great pleasure in rising to speak on the amendment which is before the house. Before doing so I should like to make one comment. I take a vastly different position from that of the hon. member for Bonavista-Twillingate. In my opinion if this country is to be developed, and particularly west of the great lakes, we must have highways. We cannot wait forever to have these highways. Therefore, instead of adopting the thought emanating from the hon. member for Bonavista-Twillingate this afternoon, I think we must have a policy which will provide federal assistance for the building of additional trans-Canada highways.

Mr. Pickersgill: Since the hon. gentleman has brought my name into it, would he permit a question?

Mr. Kindt: I did not mention your name.

Mr. Pickersgill: Well, my constituency. He identified me so would he permit a question?

Mr. Kindt: I shall be happy to answer it now or at the end of my speech.

Mr. Pickersgill: If the hon. gentleman would not mind answering now, my question is this. The hon. gentleman, if I understood him aright, said that west of the great lakes they could not wait forever for highway development. Does the hon. gentleman think that we east of the great lakes and east of the St. Lawrence do have to wait forever? That is what I was complaining about.

Mr. Kindt: I did not bring the eastern part of Canada into my remarks.

Mr. Pickersgill: Well, I did.

Mr. Kindt: I took the hon. member at what he said, which was in effect that he was not in favour of the development of a further trans-Canada highway because it would not benefit the area he represents.

Mr. Pickersgill: I did not say that.

Mr. Kindt: But you inferred it.

Mr. Speaker, turning now to the question of trans-Canada highways, I live in that part of western Canada known as southwestern Alberta, about which I wish to speak briefly at this time because it has a very direct bearing on the route which I believe the next trans-Canada highway should take. I refer particularly to that area in southwestern Alberta around Lethbridge, the Crowsnest pass, Cranbrook, Nelson, Okanagan and through there—the area known as the southern route. In my remarks I shall refer to this route as the southern route.

When plans for trans-Canada highway No. 1 were being developed a decision had to be made as to whether it would go from Medicine Hat, Calgary, Banff, Lake Louise, Cranbrook and on west, or whether it would take the southern route and go through Medicine Hat, Lethbridge, Fort Macleod, Crowsnest pass, Cranbrook, Nelson and on west.

One only has to look at a map to see which is the best route and the most economical route, and which, if physical conditions and economic development were to be considered, should have been the route. But there was a lot of discussion at that time about which route it should take. Since Calgary was the largest city and Banff had the tourist attractions developing at that time, the pressure was to put it in through that way, and the southern route was left as a by-passed route.

It is about that route which I wish to speak today. I do so because the southern route is now one of the fastest developing areas in western Canada. It is the most direct route from Medicine Hat to the west coast. Not only that, but if it were developed we would have in that area tourist trade coming up from the south in greater numbers because often people on vacation have not the time to go further north. In other words, if the tourist had four or five days he could come up into Canada visit Waterton lakes, go through the Crowsnest pass and visit the scenic points in that area and we would get that tourist's dollar. At the present time we are missing that tourist's dollar.

That is only one argument in favour of having a four-lane highway through that area. However, while talking about scenery and the tourist trade I should like to emphasize one or two points. I said before that we lost out when it came to the location of highway No. 1, and we certainly should have priority for consideration of any additional trans-Canada highway to be built. Any new highway should follow the southern route through southern Alberta and the Crowsnest pass and then through sourthern British Columbia. Let me say that along that route there are such fast growing industrial cities as Lethbridge, Nelson, Cranbrook, et cetera. Then there are areas of amusement such as Waterton lakes national park, one of the finest summer and pleasure resorts not only in western Canada but, people have said, in the world. It is a place where the tourist can go and rest and be quiet, and that is of course often the feature the tourist puts first.

Then there is the Frank slide at the eastern end, of the Crowsnest pass which is one of the most scenic spots existing in western Canada. It is the place where a mountain fell across the valley covering the town of Frank and the railroad and the highway, and it is a scenic spot which I am sure any tourist once having seen it will never forget. The tourist could go on through the Crowsnest pass, Fernie, the beautiful Okanagan lakes, and so on. I need not recite to this house why the southern route should not be chosen from the point of scenery.

Let me now turn to the industrial side. At the British-American plant at Pincher Creek a large proportion, I should say, of the natural gas coming into Ontario originates in that field. Then there are the scrubbing plants, industrial development, and more industrial development is in the making. Then going through the Crowsnest pass will be the 36-inch pipe line exporting gas to the United States. There are other lines criss-crossing to join up with the trans-Canada pipe line. In other words, we have in that area an industry now in existence and a great deal more development in the offing. Step across the line from Alberta into British Columbia and you have there the development of the Columbia basin. What need is there for me to give any more reasons for asking and pressing for first consideration of this southern route, the shortest route, as the next trans-Canada highway?

Before leaving the question of the tourist trade, I might say that there has recently been set up the Crowsnest pass historic sites and development board. That board, or it may be called a society, is doing everything possible to develop the beauties of the Crowsnest pass area and when it is fully developed it will be a tourist's paradise. With regard to accommodation we have plenty of excellent accommodation and more will be built as time goes on. Therefore as the route where a second trans-Canada highway should be put to accommodate the tourist traffic and industry, the southern route has everything in its favour and the area is losing millions of dollars waiting for this development.

Let me say in conclusion that we have been by-passed by those who planned the No. 1 highway 15 or 20 years ago. I do not think the Minister of Public Works or the government should be left to find this out for themselves. I feel it is my duty, since I represent the Fort Macleod, and Crowsnest pass areas to bring this to the attention of the government. It is a matter which would be given serious and first consideration, and I urge the government when it is studying the construction of a future trans-Canada highway to give full weight to representations in favour of developing this southern route. I go one step further and suggest that in view of the fact that this route was by-passed in the planning stage of the present No. 1 highway it is appropriate that we on the southern route should press for construction of this route first and foremost, and the people of southern Alberta will look with disfavour on any other choice, unless the southern route is developed either first or simultaneously.

Mr. Deputy Speaker: Before I recognize another speaker, now that we have heard speakers from all the parties represented in this house I think I should express my concern about the relevancy of some of the speeches we have heard up to now. I should like to have the help of the house if it is felt I am in error, but I should point out that this bill is merely to extend the present act until 1963 in respect of the works, and 1964 in respect of the expenses. I have some doubt as to whether a discussion of a second trans-Canada highway, for instance, would be relevant. I do not by that statement refer to the comments made by the hon. member for Bonavista-Twillingate because, if I remember correctly, he discussed that matter in the light of the possibility of the unconstitutionality of the act. But to discuss a second trans-Canada highway as such, or the choice of the route, or even tolls here and there, does not seem to me to be relevant and I think I must ask the co-operation of all hon. members in bringing the debate within the rules of order.

Mr. Winch: The very reason I rose before you did, Your Honour, was to raise this matter. Until you yourself spoke, no one had raised any question about the relevancy of what was being said. I wish to point out that 80 per cent of the remarks of the previous speaker concerned a possible second trans-Canada highway, and it was with regard to a second trans-Canada highway that I myself wish to make some very pertinent remarks.

In view of the fact that Your Honour has now raised this question, and since it has not been raised before, I wish to say that there is only one matter on which I want to speak, and that is the subject of a second trans-Canada highway.

Mr. Pickersgill: If I may say a word on the point of order which has just been raised, I did not wish to interrupt the speech made by the hon. member for Macleod (Mr. Kindt), who does not speak very often in the house, but I thought the speech he made would

have been perfectly in order on the resolution stage when we are discussing whether or not there should be such a bill as is proposed. I think there should then be the widest latitude to discuss the wisdom of spending the money for one purpose, as opposed to another. However, I would agree with Your Honour that on second reading we have to stay within the broad ambit of the bill itself. I think we could argue that we should not go ahead with the measure because something else would be a better thing to do, but just to use it as a vehicle for a general debate on roads or highways would, I agree, be out of order. On the other hand, I was happy that Your Honour recognized that any questions about the constitutionality of the bill or any questions about the participation of all the provinces, or some of the provinces, are certainly relevant to legislation which applies to the whole of Canada.

Mr. Winch: May I, then, just add this? I cannot understand why neither Your Honour nor anyone else raised any objection to what was said by the previous speaker. We did not do so, because we believe in freedom of speech even if it goes outside the bounds of order. The fact that you did not interfere indicated that hon. members who were to follow could speak on the same lines. However, in view of Your Honour's feeling that the hon. member was completely out of order—which, without doubt, he was—I hope it may be agreed through yourself and the Minister of Public Works (Mr. Walker) that when the first vote in the departmental estimates comes up for discussion the question of a second trans-Canada highway can be fully raised. If it cannot, then I want the same privilege as was accorded to the hon. member who has just resumed his seat. In fact, I believe that on the first vote of the estimates of the Minister of Public Works we can discuss this question of a second trans-Canada highway.

Mr. Pickersgill: There can be no doubt about that.

Mr. Winch: I am still on my feet—

Mr. Walker: The hon. member for Bonavista-Twillingate is assisting the hon. member for Vancouver East.

Mr. Winch: I am asking if this matter can definitely be discussed during consideration of the estimates of the department.

Mr. Walker: As the old veteran who has just taken his seat has said, there can be no question about that.

[Mr. Pickersgill.]

Mr. Winch: In that case we shall not seek to discuss this particular subject further at the present time.

Mr. Deputy Speaker: May I say that I did not interrupt the hon. member for Macleod when he was speaking about this alternative route because I had given some latitude to the previous speaker. However, I do not wish to give in advance any interpretation concerning what is likely to be relevant, and I do not want my silence to mean agreement with the interpretation given to my ruling by the hon. member for Bonavista-Twillingate.

Mr. G. R. McWilliam (Northumberland-Miramichi): Having listened to the remarks about what is, and what is not in order during discussion of this bill on second reading, may I say that I did not have the opportunity to speak during the resolution stage.

I had intended, today, to make some comments with regard to a second trans-Canada highway but since you have ruled, sir, that that would be out of order, I shall have to refrain from doing so and try to keep within your direction. However, what I wished most particularly to say on behalf of the part of New Brunswick that I represent would deal, more or less, with a subject which would probably be not strictly in order on second reading. It has been intimated that we can discuss this matter on the first item of the minister's estimates when they are before the committee.

The Minister of Public Works (Mr. Walker) gave a résumé of what transpired in connection with the Trans-Canada Highway Act, when he spoke on the resolution stage. He was brief at that time and he was also brief today because I think he felt that the background of the Trans-Canada Highway Act had been well covered on previous occasions. This amendment before us today is one to extend until May 31, 1964 the period during which payments may be made to the provinces and to prolong until December 31, 1963 the period in respect of which construction costs may be incurred under this act and to provide also that the aggregate of all expenditures under the act may be increased to a maximum of $400 million.

For reasons I just mentioned when I rose to speak, I shall be brief today. But at the outset I want to assure the minister of my support of this bill. I am sure that all other members of the house will also support the bill, particularly those of the Liberal party, realizing that this is Liberal legislation.

The Trans-Canada Highway Act in its present form as amended in 1956 provided that no contributions or payments were to

be made to a province after May, 1961 or in respect of any construction costs incurred after December 31, 1960. The first purpose of the bill is to extend the time limit a further period of three years. The second purpose of this bill is to increase the present limit from $350 million to $400 million. As I said, I am not going to give the background of this act which was born on December 10, 1949. From time to time it has been necessary to increase the total amount of federal contributions. Hon. members are in a general sense familiar with what has taken place since this act first came into force. The extension of the time limit to March 31, 1964 was not looked for based on the statement made by the former minister of public works when, as found in *Hansard* of February 24, 1959, a year ago, at page 1345, he said:

> The actual problem dealt with by the legislation, amendment of which is sought, is the completion of a trans-Canada highway to join the ten provinces of this nation by a first-class road. That is our main objective. That is the objective we aim to reach by the end of 1960.

We now have an amendment seeking an extension of three years beyond 1961. It is obvious that the present Minister of Public Works did not have very much faith in his predecessor's estimates of the time of completion of the trans-Canada highway; and it is apparent that the former minister of public works was not very well advised on the progress and approximate time of completion. The present minister is planning to avoid getting into a similar situation. He is allowing himself three years for completion, perhaps on the advice of some of the provinces that money is going to be hard to find and that it will be too expensive, with the resulting slowdown of trans-Canada highway construction.

When the time limit for completion was first set out by the Liberal government, the hon. member for Vancouver Quadra (Mr. Green), then in opposition, and who later became minister of public works in charge of the trans-Canada highway construction, said this back in the opposition days and I quote from *Hansard* of 1956, page 3094:

> The minister—

He was referring to Hon. Mr. Winters.

> —should take far more aggressive action to see that this particular gap is closed.

I think it is very difficult for us to understand why such further delay is to be granted. The gap that was referred to by the former minister of public works was a gap in the province of Ontario. The previous minister of public works questioned in 1956 the reason for the further extension. We now find the government in which he is a cabinet minister and until recently responsible for the public works portfolio asking for a three-year term of extension to 1964.

The other change is to increase the present limit of $350 million to $400 million. Here again the previous minister of public works stated at the resolution stage of last year's amendment to this act, as found in *Hansard* of February 20, 1959, page 1246:

> From estimates furnished by the provinces it is now considered that the total federal contributions required by the termination date of the act will be in the order of $350 million.

In fairness to the former minister and I should probably say in fairness to his staff, a more realistic figure of $371 million was tabled on the second reading of the bill. It is difficult to understand now why the public works minister of that day tabled an estimate of $371 million and on second reading of the 1959 amendment he only adds $350 million to the authority to spend.

This question also rises. Does the increase to $400 million cover expenditures in the province of Quebec up to 1964? If this province joins in the trans-Canada highway agreement I would think that this amount is not sufficient and that it would probably be necessary to seek another amendment to the act in order to cover construction of the trans-Canada highway.

It is interesting to read what the Minister of Transport (Mr. Hees) said as an opposition member representing the constituency of Broadview, as found at pages 2954 and 2955 of *Hansard* of 1956. Let me quote only part of his remarks of that day:

> In short, if this highway is going to be built in the foreseeable future, the federal government must assume financial responsibility and get on with the job.

I wonder what he thinks now and I wonder what has been his thinking over the past three years as Minister of Transport, with the trans-Canada highway far from completed and the government insisting that the provinces contribute to the cost.

I recall the words of the Minister of Justice, speaking in 1956 when he was an opposition member. I was interested in his remarks because I felt they had considerable merit and offered a plan for an extended system of connecting highways. I hope you will bear with me, if I make a short quotation. I do not want to be out of order in this regard. In the 1956 debate the hon. member for Kamloops (Mr. Fulton) moved an amendment which reads in part as follows:

> And therefore the government should take into immediate consideration with the governments of the various provinces the advisability of enlarging the scope of the existing trans-Canada highway agreements so as to develop a system of national

highways, both east-west and north-south, financed and maintained jointly by the dominion and the provinces on an acceptable and realistic basis.

I do not want to pursue that matter having regard to the ruling just made by the Chair. However, I am looking forward to a further opportunity when the public works estimates are before this house to make certain suggestions that I feel are necessary for the economy, not only of the province of New Brunswick but of the Atlantic provinces. I have in mind something which I really think would help the economy of that area and which may have to do not only with the trans-Canada highway but also with connecting highways.

Mr. D. R. Gundlock (Lethbridge): Mr. Speaker, in view of the ruling that was made a short time ago, I am rather hesitant to take the time of the house at the moment. I do not wish to speak on a second trans-Canada highway but I wished to say a few words about what might be called an alternative or a detour through or by a particularly bad section, particularly in the province of British Columbia. I would appreciate very much, Mr. Speaker, if I could have your views on the matter.

The Acting Speaker (Mr. Rea): I am sure the hon. member heard the ruling which was made previously to my taking the chair. Of course, that ruling must be abided by.

Mr. Pickersgill: May I be permitted to say a word on the point of order? If the hon. gentleman was merely going to talk about an alternative route for that part of the trans-Canada highway he would certainly not be transgressing the ruling that was previously made; therefore, there would be no objection from this side if he proceeded.

The Acting Speaker (Mr. Rea): The Chair will be very happy to hear what he has to say.

Mr. Gundlock: Thank you, sir, and I should like to thank hon. members opposite.

The point I have in mind is this. I have lived in southern Alberta and close to south-eastern British Columbia, actually right on what is known as the Alaska highway. All my life I have watched the people of Alberta and eastern Saskatchewan and probably right up to the middle and north of Saskatchewan and Alberta traversing the Alaska highway down to the United States through Montana, Idaho and Washington on their way to Vancouver and eastern parts of British Columbia. I am quite familiar with the route in question. I have no criticism whatsoever of negotiations that have been made, but as I look at the map and recall the history of the past, particularly the wintertime and the snowfall, shall we say, at Revelstoke, which is the western terminus of the Rogers pass portion of the present trans-Canada highway, I can tell hon. members that the snowfall there is terrific. Some people say that a snowfall of as much as 40 feet occurs in this area at times, and a long time average of 480 inches across the whole section. On some dangerous portions of the Fraser canyon, the million dollar miles, if we had what might be called a small rock slide the trans-Canada highway would be blocked.

This is what I wanted to say a few words about, Mr. Speaker. I have watched the Canadian people doing their travelling to British Columbia through the United States both in the summer and winter. Admittedly, I am very anxious to see the completion of this portion of the highway through British Columbia, which will alleviate the summer travel, but still in the winter there needs to be some planning particularly, I think, on behalf of the province of British Columbia because the road is there in Alberta. There needs to be some planning to get by those particularly bad spots of the present proposed trans-Canada highway No. 1 by a southern alternate route.

I do appreciate the opportunity of saying this, and I would conclude without taking any more time, but I look forward to discussing it later when the estimates are before the committee.

Mr. H. M. Batten (Humber-St. George's): Mr. Speaker, I do not propose to make any extended remarks at this time on the trans-Canada highway since I expressed my opinion on this matter at the resolution stage. If I am not out of order in saying so, Mr. Speaker, I was rather interested in what was said by the hon. member who has just taken his seat and also by the hon. member for Macleod (Mr. Kindt). I think many of us in this house would be very happy at some time to hear expressions of what they consider should be done as far as a main network of roads across this country is concerned, rather than just one trans-Canada highway. Perhaps when the estimates of the Minister of Public Works (Mr. Walker) are before the committee it might indeed be a very good time to discuss such matters as that. I would like to have the opportunity of discussing roads in my province of Newfoundland other than the trans-Canada highway which provides the present prescribed course. But in view of the ruling that has been made, Mr. Speaker, I will try to keep to the right lane and see if I can stay in order.

First of all, I wish to say I am going to support the principle of this bill. However, I have always had the private view—I said

so when I was on the other side of the house, I say so now—and it has always been my opinion that the federal government should have built, paid for and maintained a road across this country. I still believe that; but if the government of 1949 and the present government were not able to see it that way, well, then, of course, I am quite prepared to vote for the principle of this bill which at least gives part of what I should like to see; but I repeat, it is my private opinion that the federal government should have built, paid for and maintained a trans-Canada highway from St. John's to Vancouver.

I had hoped that when the amendment to the Trans-Canada Highway Act was discussed in the house we might have had some change from the original act. We remember that when the act came before parliament in 1949 it was named a 50-50 deal. I have already passed my opinion on 50-50 deals and I do not propose to do so now, but it was a 50-50 deal in 1949. In 1956, when the act was first amended, there was the addition of 90 per cent of the cost of 10 per cent of the mileage. If the mileage under that 10 per cent had had an average cost with the other miles across the country, then of course the federal government would have been paying 54 per cent of the total cost rather than 50 per cent.

Under the new amendment, which was brought in in 1956, the federal government paid 90 per cent of 10 per cent of the total mileage, as I said. When the bill was amended the third time in 1959 I could understand the present government going along with the program as it existed; but, in view of the many comments that were made during the discussion of the amendment of the bill in 1956, and again in 1959, I had hoped that when the present government brought in its second amendment to the Trans-Canada Highway Act some amendment other than what had been suggested would have been contained in the bill.

What changes could have been made? I think some plan could have been devised which would have been of greater assistance to those provinces which are finding the burden rather heavy under the present plan. I made some suggestions in my speech at the resolution stage as to what could be done. We, too, have the suggestions contained in the platform of the Liberal party. Again I had hoped that this amendment would have contained some reference to the maintenance of this road. In some provinces I do not think we are too far from the time when the maintenance bill is going to be one that will have to be considered. I do not know how long the pavement of the trans-Canada highway will last in all the provinces. It may be possible that in some provinces it will last for 10 years; in some other provinces it may last for 15 years and in still others it may last for 20 years. But, at any rate, the time is going to come shortly—and 20 years is not a long time in the life of a province—when a repaving job on top of annual maintenance will have to be carried out. I would hope that at some time, when this act is further amended, some consideration will be given to the maintenance of the trans-Canada highway.

I have said before that the trans-Canada highway is of particular importance to Newfoundland. For example, we have in Newfoundland a narrow gauge railway. It was a very good railway at the time it was built. During the first and second world wars it gave yeoman service to the people of Newfoundland. In the second world war particularly, when a large number of troops from the United States were stationed in the province, this railway was able to carry on very well and served the needs of that time. But I think it is apparent to most people that a narrow gauge railway is not able to provide the people of Newfoundland with the service that a wider gauge could. However, I think it is pretty evident now that we are not going to get a wide gauge railway in Newfoundland within the immediate future. When I was on the other side of the house I suggested that this railway should be widened.

If the railway is not going to be widened, then obviously there is going to be a greater burden placed on any trans-island road from Port aux Basques to St. John's. I speak of this because it gives added importance to the necessity of getting this road built and built as quickly as possible. We all know that there is going to be a federal-provincial conference in June. I hope that at that conference the trans-Canada highway will be discussed by the representatives of the federal government and of the 10 provinces. It is my hope that in that discussion of the trans-Canada highway there will be some reference to further trans-Canada highways but certainly some reference to the maintenance of the first trans-Canada highway in the years that lie immediately ahead. Otherwise the provinces are going to find themselves under the same burden in maintaining the road as they are now experiencing in building it. I have concluded the remarks I wish to make at this time, and again I say that I am going to support the principle of the bill.

(Translation):

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, Bill C-57 is an act to amend sections 4 and 7 of the Trans-Canada Highway Act, first by extending for three years the period during which payments or contributions may be made to the provinces and, second, by adding $50 million to the expenditures authorized under sections 4, 5 and 6.

If my memory serves me well, the Trans-Canada Highway Act was passed in 1949 by the Liberal government under Mr. St. Laurent, and its purpose was to enable all the provinces to share the benefits of a trans-Canada highway scheme, in the national interest.

Unfortunately, since 1949, when the act was passed, the province of Quebec has remained aloof, refusing to take advantage of this legislation, for reasons which have never been made clear. The money thus lost by the province of Quebec, to the detriment of its citizens, can now be assessed at close to $30 million.

Now, Mr. Speaker, I should like to quote from a few newspaper reports which indicate quite clearly that, since 1949, the attitude of Quebec authorities with respect to the Trans-Canada Highway Act has been not only confused, but inconsistent.

Here is an article which appeared in *La Presse* for February 25, 1959, and in which the minister of highways of the province of Quebec is quoted as saying:

—provided that the set standards are met; however, those standards are not acceptable to the province of Quebec. In the prairie provinces, things are different: there are no expropriations—

(Text):

Mr. Chambers: On a point of order, Mr. Speaker, the Chair has ruled earlier on questions of relevancy. The bill we are discussing extends a date and I do not believe that the remarks currently being made by the hon. member concerning the attitude of one particular province are in order at this time.

Mr. Pickersgill: Mr. Speaker, on this very point the Deputy Speaker, who was in the chair when the ruling was made, referred to some observations I had made precisely on this point and said that they were in order. What the hon. member for Maisonneuve-Rosemont was discussing was the question of whether all the provinces were going to participate in this legislation which is applicable to all the provinces. It does not seem to me that there is any possible subject that could be more completely in order.

(Translation):

Mr. Deschatelets: Mr. Speaker, I shall resume my remarks. While—

[Mr. Batten.]

(Text):

The Acting Speaker (Mr. Rea): I think we should try to clear up the point of order raised by the hon. member. The hon. member certainly can refer to the province of Quebec with regard to this matter but I do not think that he should discuss the attitude of the government of Quebec toward it. He can discuss what he would like to see done in his province but I think that to discuss the attitude of the provincial government might not be relevant to the bill.

Mr. Pickersgill: You have raised a more fundamental point of order than the one raised by the hon. member for St. Lawrence-St. George. It is surely not going to be a new restriction upon our freedom of speech in this house to say that we cannot discuss the attitude of a provincial government with respect to legislation we are dealing with in this house in which the provincial government is to participate. I would quite agree that if we were to discuss the attitude of the provincial government to family allowances, let us say, which are paid exclusively out of the federal treasury, that might be out of order, but to say we cannot discuss the attitude of the provincial government to legislation when the legislation provides for the partnership of that provincial government in the legislation would, I think, be a very dangerous restriction indeed. I wonder whether Your Honour has considered the full implication of that point.

The Acting Speaker (Mr. Rea): What the Chair means is that the member cannot urge the pros and cons of it. Certainly he can refer to their attitude. I did not mean that he could not, but we cannot get into a discussion of the pros and cons and whys and wherefores of it. That is what I was trying to explain to the hon. member.

(Translation):

Mr. Deschatelets: Mr. Speaker, on February 25, 1959, precisely in regard to this Trans-Canada Highway Act, the minister of highways said this, and I am reading from the article I started to quote earlier:

In the province of Quebec, part of our towns and cities would have to be bought. In the end, this might well constitute a gift from the Greeks.

The minister observed that it would be possible to build a new road, according to federal standards, where there are no dwellings; on the other hand, in order to build the road through built up areas, practically all villages would have to disappear.

According to another article published in the Montreal *Star* of March 9, 1960, the provincial minister of highways added this:

(Text):

Mr. Talbot added that Quebec already has fine highways crossing the province and serving as a trans-Canada link. "In addition Ottawa doesn't

help in the cost of putting up new fences, gates for existing fences, or cost of moving or adding sewers, public utilities and traffic signs," the minister said.

(Translation):

Now, Mr. Speaker, I should like to refer to an article dated March 18, 1959, when the government of the province of Quebec received a brief from the highway transport association urging the provinces to parley with Ottawa so that the province of Quebec might share in the funds made available to the province for the trans-Canada highway. I quote:

Included in the brief were the resolutions passed at the convention held in Montreal last February. One of the resolutions expressed the hope that an agreement be reached, so that the federal government might pay to the province of Quebec the amounts "to which it is entitled" for the trans-Canada highway. It added that other provinces had already received $157,494,650 for the same purpose.

In explaining his disagreement with this request, Mr. Rivard stated that Quebec did not need any money from Ottawa for a trans-Canada highway, because we already have four up-to-date highways servicing the province and linking it up with other provinces.

Mr. Speaker, I should also mention that on March 9, 1960, the present premier of Quebec indicated in the legislature that an agreement with the federal government was possible, but not under present terms. We all know that, in the fall of 1959, when the premier of Quebec, hon. Mr. Sauve, attended the conference of provincial premiers here in Ottawa, he stated that, as far as he was concerned, he saw no constitutional obstacle to Quebec sharing in the benefits of this scheme, but that it was rather a business proposition to be considered on its merits by every provincial government.

In other words, the former premier of Quebec, Mr. Sauve, was definitely of the view that nothing in this act was inconsistent with provincial autonomy.

Again, on this matter of autonomy, I should like to quote from an article which appeared in *Le Devoir* for October 29, 1954, over the signature of Pierre Vigeant:

The tax agreements are not the only federal-provincial agreements to which the province of Quebec has refused to subscribe. There are several others, including the agreements on construction of the trans-Canada highway. Was the refusal as justified in the second case as it was in the first? Would it not be in order for the provincial government to reconsider the matter?

It seems that the answer is yes.

Perhaps the time has come for the province of Quebec to join in this co-operative effort.

It is hard to see how participation in this project could endanger provincial autonomy.

Mr. Speaker, I wanted to put those various articles and statements on record in order to establish quite clearly that no one has ever been able to prove that this act encroached upon provincial autonomy. I also wanted to remind the house that it is urgent that the province of Quebec take advantage of it.

Then, there is another problem. I said earlier that so far the province of Quebec, because of its unjustified non-participation, has lost more than $30 million. Therefore, should not or could not the province of Quebec, with the co-operation of the Minister of Public Works (Mr. Walker), enter into negotiations in order to recover at least a substantial part of the amounts so lost?

On this matter, I would like to read an article concerning a brief the chamber of commerce of the province submitted to the present premier of the province of Quebec and which explicitly states that:

Quebec, as we know, has always refrained from entering into agreements with the central power for the construction of its portion of the said highway. Under Mr. Duplessis, the refusal of the province has always been categorical. Under Mr. Sauve, apparently the matter was not taken up in a direct way, but he had implied that he would take it up once the problem of grants to universities had been settled.

All provinces, except Quebec, have taken advantage of the financial co-operation of Ottawa for the construction of the sections of the trans-Canada highway in their respective territories.

In its present brief, the chamber of commerce also expressed the view that representations could be made to the federal government to recover the Quebec share of the amounts which would have been voted by the central government for the development of access roads. This is another case where Quebec never accepted to enter into agreements with Ottawa.

Mr. Speaker, as a representative from a constituency of the island of Montreal, I would now like to suggest, as did other hon. members, that Montreal and the province of Quebec should join with the other provinces in taking advantage of this act. Montreal is especially interested inasmuch as its population might benefit from two large projects that could be incorporated in the trans-Canada highway program.

One of the projects is the east-west super-highway already planned by the Montreal planning commission. As I have said, that super-highway along the Montreal waterfront could come under this act.

As already mentioned, the route is laid out and the federal government could contribute substantial amounts that could speed up the completion of the project and help the city of Montreal and the Quebec provincial government.

I think that east-west highway across Montreal can be likened to the local "Queensway" which was built under an agreement between the province of Ontario and the federal government under this act.

Second, the construction of the Metropolitan boulevard, also running from east to west in northern Montreal, is finished or nearly finished. That boulevard cost about $25 million. I understand that 65 per cent of that amount will be paid by the city of Montreal, and the balance by the neighbouring municipalities. In my opinion, that section could also come under the Trans-Canada Highway Act. If negotiations along these lines were undertaken by the Quebec authorities, as it is their duty to do, this would be a relief for surrounding municipalities and to all Montreal property owners whose real estate tax has never been higher than it is now.

I find it extraordinary—to say the least—that the authorities of the province of Quebec, on a problem which should not involve any difficulties in the matter of provincial autonomy, should not at least have seen fit to get in touch with this government to inquire about the possibility of coming to an agreement on that matter.

I should like to refer here to an article which appeared in *La Presse* on January 14, 1960, reporting a question put in this house by the hon. member for Levis (Mr. Bourget) to the Minister of Public Works (Mr. Walker):

> Has the government of the province of Quebec got in touch with the federal government about the trans-Canada highway since the present minister has been in office, that is since last fall?

The Minister of Public Works replied that he had never received any communication from the authorities of the province of Quebec about the matter.

Mr. Speaker, I repeat that this Trans-Canada Highway Act provides for the expenditure of money for a national project which benefits all provinces. It is particularly unfair that the citizens of the province of Quebec should be paying taxes for the sole benefit of other provinces.

I also submit that the Minister of Public Works is partly responsible for that breakdown in federal-provincial relations, with regard to the trans-Canada highway. I do not think the present Minister of Public Works ever tried to undertake any negotiations with the province of Quebec. If the project is national in scope, although we know that Quebec authorities have shied away from it, I think the Minister of Public Works should have found out why the province of Quebec did not see fit to take advantage of it. Furthermore, I would ask him to enter at once into discussion, in order to put an end to that absurdity which causes the province of Quebec to lose money, and adds to the tax burden of Montreal property owners and of the province in general, who should benefit from a greater share of their tax outlays.

At this stage, Mr. Speaker, I have nothing else to add, although I may, a little later in the debate, or before the adoption of this bill, have other questions to ask.

Mr. Maurice Bourget (Levis): Mr. Speaker, I do not propose to speak at great length on second reading of this bill this afternoon, because I had an opportunity of expressing my views on this bill at the resolution stage.

However, since it has become fashionable, particularly in the last few weeks, to go into the constitutional aspect of some of the bills submitted to the house, I think it might be interesting for all hon. members to know exactly if this bill is consonant with the constitution.

In the past, and more particularly this year, we had the opportunity of hearing government members and especially a minister of the crown express their views on the constitutional character of this legislation. I shall therefore refer to a statement of the hon. member for Roberval (Mr. Tremblay) when he aired his views on the trans-Canada highway bill on March 4, 1959. This is what he said, as can be seen on page 1600 (page 1 of the Appendix) of last year's *Hansard*:

> The province of Quebec has on several occasions expressed her opinion on the subject through the provincial authorities, and more particularly last week, when the provincial minister of highways said what he had in mind, stating that provincial autonomy is involved in the building of that highway and that the government of the province of Quebec cannot, at this time, accept to take any part in this project because, he said, the conditions set by the Ottawa government are not in accordance with the sovereign policy of the province.

And, a little farther down, on the same page, he stated:

> Mr. Speaker, I believe it would be proper to consider the problem, to approach it in the only way it should be approached, from the angle of provincial political sovereignty. In this connection, Mr. Speaker, may I suggest that the government consider the problem from the angle of provincial autonomy and consider the possibility of entering into arrangements which would not impose such conditions as are now being refused by the Quebec provincial government.

Thus spoke a member sitting on the government benches. Moreover on March 31, 1960, the hon. member for Bellechasse (Mr. Dorion) made the following statement, and I quote from page 2666 (page 2 of the Appendix):

> The sole object of this legislation is, after all, to increase to $400 million the contributions required to complete the trans-Canada highway and to extend to December 31, 1963, the period required

for its completion. The resolution says no more and no less. It does not at all raise the matter of principle;

And a little later on, he said:

I might perhaps let it go at that. However, having long since learned to face my responsibilities, I shall go even further and say that, in view of the wording of the 1949 act, I doubt that its provisions are contrary to section 92 of the 1867 constitutional act. Though the act does not expressly refer to the exceptions provided in paragraph 10 of section 92, it is fully in accord with the spirit of that paragraph.

I believe it would be worth while to recall that, quite recently, the former premier of Quebec, Hon. Paul Sauve, said in a press conference on T.V. that the construction of this highway was a business matter rather than a matter of autonomy.

Now, I want to refer to the statement the Solicitor General (Mr. Balcer) made in this house on April 26, 1960. I quote from *Hansard*:

Mr. Speaker, any legislation which finds its place in only nine provinces out of ten and is not acceptable to the tenth province leaves a very great doubt as to its constitutionality.

Mr. Speaker, I believe that after having quoted the views of four government members, one of them a minister of the crown, it seems clear that, in the minds of many members in this house, and of many Canadians, and more particularly in the minds of the citizens of the province of Quebec, there is still some doubt about the constitutionality of this act.

Therefore—and this was my only purpose in joining in the discussion this afternoon—I would ask the Minister of Public Works (Mr. Walker) to indicate whether, in his opinion, the Trans-Canada Highway Act is constitutional, either in the terms of the act itself or with regard to the conditions set under the act.

I would therefore ask him to answer this question, when he rises to end the debate on the second reading of the bill. The matter must be clarified for all concerned, and there must be no doubt that the Liberal party, in introducing this act in 1949, in no way encroached upon provincial autonomy. I would therefore ask him to indicate whether this act is constitutional or not.

(Text):

Mr. W. H. Payne (Coast-Capilano): In joining the discussion on the subject before the house this afternoon there are a few matters I wish to bring to the attention of hon. members. In doing so I should like to extend my congratulations to the Minister of Public Works (Mr. Walker) and to his predecessor on the fact that for the first time in all the years the trans-Canada program has been operated, it has become a truly trans-Canada highway.

Speaking earlier on this subject, hon. members of this house have stated that the trans-Canada highway ends at Vancouver. I think it is most important to point out that the trans-Canada highway has an extensive connection on Vancouver island from Victoria up to Campbell River. But even more important than the island, a link was necessary along the north shore to connect the highway to the port of Horseshoe Bay where ferries transport vehicles from the lower mainland to the highway on Vancouver island itself. This extensive gap was not recognized for many years until the present and immediately previous minister of public works determined that this section running from the Second Narrows on Burrard inlet through to Horseshoe Bay should be considered part of the trans-Canada highway.

In making these remarks I must admit it is not with any surprise that British Columbia members realize that hon. members from the rest of Canada do not recognize what the trans-Canada highway program consists of in British Columbia, for in our province we have an odd situation. Our roads, both the trans-Canada highway and the others, are not built by joint co-operation between governments; they are not even built by the province, but by a strange, garrulous and bombastic individual by the name of Gaglardi, according to his publicity. I say this to bring to the attention of the house the fact that this essential link from the Second Narrows to Horseshoe Bay is not recognized by the public as a part of the trans-Canada highway system. Again I want to pay my compliments to the minister for including this vital link in this program. I would ask again that during the meetings to take place in June with the provinces he should review the policies of co-operation with regard to the Second Narrows bridge itself, an essential link between the north shore and the south shore on Burrard inlet. I trust that in such negotiations he may be able, as I realize he would wish, to ensure that this great structure should be toll-free to the motorists and a proper part of the trans-Canada highway system.

On the subject of the trans-Canada highway routing I think it might be proper to state that while those who have not visited our beautiful west coast do not recognize it, extensive population centres exist up the

coast on the mainland, the chief community of which is the city of Powell River, home of the world's largest pulp and paper industry. Here again I would hope the minister might enter some discussion to see if it might be possible to extend the trans-Canada highway, in co-operation with the province of British Columbia, from Horseshoe Bay to Squamish, thence making the connecting link of road from Squamish to Port Mellon, thus avoiding the current necessity of a most unsatisfactory ferry service from Horseshoe Bay to Granthams Landing. Then extending the road from Port Mellon up to the Sunshine coast to join with Powell River across Jarvis inlet. I think this extension of the trans-Canada route would be of great value not only to those living in these up-coast towns but to people everywhere throughout this dominion.

In closing I again reiterate my congratulations to the minister and to his predecessor for recognizing, at long last, this very essential link in the trans-Canada highway project, that is, from the Second Narrows bridge on Burrard inlet through to Horseshoe Bay.

Mr. Hazen Argue (Assiniboia): The bill before the house is disappointing, I think, in that it is so limited in its application. We had hoped, from statements made in a similar discussion last year by the former minister of public works, that the government would have brought forth an over-all highway policy for this country.

There is no doubt that there is a need to extend the provisions of the Trans-Canada Highway Act in order to allow the provinces which have been slow in construction the opportunity to continue their construction so that we may at some time in the future have an adequate trans-Canada highway system. But this bill, being the government's major highway program for this year, apart from the roads to resources program, is a disappointment in the light of the promises made to the Canadian people that the government would not be satisfied with merely a continuation of the very narrow program which had been instigated by the previous administration. The Prime Minister (Mr. Diefenbaker) made this very clear during the election campaign. He said, for example, in Toronto on February 4, 1957:

> I am one of those who believe that a national highway policy should be launched to provide highways for peace, and defence highways should war come.

We are still looking for this highway policy for peace, these roads designed to provide Canada with adequate highway and road facilities. It is certainly not contained in this present bill and it is not contained in any indication which the government has given to the house during the course of this session. As a matter of fact, when we asked whether the government was considering any extension of the trans-Canada highway program all we received was the nebulous answer: this is still under consideration, it is a question of government policy to be announced in due course. The government has no policy. Certainly no indication of any has been given so far. All we are being asked to pass is an amendment to the Trans-Canada Highway Act to provide for an aggregate expenditure of $400 million, an increase in the aggregate of $50 million.

I think there are good reasons why Canada should have a comprehensive highway program, and good reasons why the federal government should bear part of the cost of such a program. The bill before the house indicates that the government, like the former government, has accepted the principle that at least as far as one main highway in the country is concerned the dominion government should bear some financial responsibility and assume responsibility for leadership with regard to construction. I think it is very much in the national interest that there should be an extension of this program.

I am one who believes—as we thought the Prime Minister used to believe—that there is need for additional highways, or a second trans-Canada highway, if you will, or for further main arterial highways to be constructed running north and south, with federal assistance, in order to provide more adequate road facilities. I think more adequate highways are necessary for a great many reasons. I think they are necessary because of local needs of transportation, including the need of roads for school buses.

Mr. McCleave: Mr. Speaker, I rise on a point of order. I suggest there has already been a ruling from the Chair earlier this afternoon that this debate be confined to the second reading of the bill to amend the Trans-Canada Highway Act and that the debate not be allowed to lead down other byroads and side roads.

Mr. Argue: On the point of order that has been raised, Mr. Speaker, may I say this. It is a well-known fact that on second reading of any bill, on the principle of the bill, discussion can be broad and general. I think it is very much in order to suggest an extension of the moneys provided in the bill or a

contraction. I would suggest that a perusal of the statements that have been made on this question this afternoon will show a very wide-ranging discussion—much wider than anything I have attempted—getting into the question of federal-provincial financial arrangements, the federal government's policy with regard to the province of Quebec and the whole field of equalization grants and the principles that are applied. I would suggest that this year, just as last year when I raised this very same matter on the trans-Canada highway bill, it is in order to discuss—as has been done by hon. members and as was done by the hon. member who just sat down—an extension of this particular act and the provisions of this act to other sections of a trans-Canada highway or other roads in this country.

With great respect, Mr. Speaker, I hope you will be lenient because under the rules of the house as they have been applied for many years, when discussing the principle of a bill some latitude in discussion is allowed. I would suggest that it is very much in order to discuss what additional provisions should be made as far as the highway policy is concerned or an extension of this act. I would not think it would be in order to take 40 minutes to discuss something that is not in this bill. However, if one relates what is in the bill to other matters associated with it, I think that procedure is very much in order.

Mr. Deputy Speaker: The question of discussing a second trans-Canada highway or byroads was raised at the beginning of the discussion this afternoon. I think there was general agreement on all sides of the house that this matter would not be relevant to the bill. A general reference might be in order. I would ask the co-operation of the hon. member for Assiniboia (Mr. Argue) because I think he was going a little bit too far when he was interrupted. I would ask his co-operation.

Mr. Argue: I am perfectly willing to endeavour to abide by the ruling as you have laid it down, Mr. Speaker. I was not in the chamber when Mr. Speaker made the statement to which you have referred. I do not know whether or not Your Honour was in the chamber or whether you have read it. I am not wishing to comment on it in any case. But I was informed that this ruling had to do with discussion of the details of the proposal for a second trans-Canada highway, something which I say is different from saying that we should have an over-all transportation policy to meet the needs of this country and that there should be an extension of the principles of this measure.

The money that is being provided in this act will not accrue to all of the provinces in this country. Of those provinces that obtain money under this new act or the changed act some will, of course, receive money in much different proportion from that received by other provinces. This situation arises from the fact that a good deal of progress has been made in the building of the trans-Canada highway in some provinces and relatively little progress has been made in some other provinces.

I have in my hand the report of the proceedings under the Trans-Canada Highway Act for the last year available, namely the fiscal year ended March 31, 1959. It sets forth the construction accomplishments under this act up to that time. I am not going to quote all of the figures. I am merely going to point out that many provinces have a large mileage yet to be constructed. The province of Newfoundland has 502 miles still unpaved; Prince Edward Island has one mile. In other words, up to that time in Prince Edward Island the trans-Canada highway was almost completed. Nova Scotia had 90 miles to go, New Brunswick 72 miles, Ontario 349 miles, Manitoba 16 miles, Alberta 6 miles and British Columbia 209 miles; national parks 63 miles. Out of a total mileage through national parks of 143, the federal government had succeeded up to that time in paving just 80 miles. Saskatchewan was the only province up to that point that had completed its section of the trans-Canada highway.

We need a broader highway policy in order to make such highway facilities available to Canadians who wish to travel; to Canadians in their own business undertakings; to Canadians who need to obtain various services, some of them as important as emergency hospital and medical services.

I suggest to the Minister of Public Works (Mr. Walker) that an expenditure of money on an accelerated highway program at this time—that is accelerated in order to speed up the completion of the trans-Canada highway and to provide other main highway facilities in this country—is money well invested. I think the government should not look at money spent on the trans-Canada highway in the narrow sense of some other moneys that are currently spent in the budget. Rather, I think the money spent under this act should be considered a capital investment and, as far as our national government is concerned, a self-liquidating investment.

I am convinced that money spent on adequate highway facilities in this country—

completion of the trans-Canada highway, an auxiliary or secondary trans-Canada highway and other main north-south roads connecting with international highways in the United States—would return great dividends to the Canadian nation. Even from the revenue position of the federal government, considering the additional money that would come from tourist traffic and the additional money spent by Canadians, I am positive that this is an investment that would be very much a paying proposition.

At a time when our tourist trade is on the decline and when we have a larger and larger imbalance in our foreign accounts I would think that the government would be farsighted if it were embarking on a program of highway development in order to attract tourists into this country and in order to reduce the imbalance in Canada's international payments.

There are other reasons why an acceleration of this program would be very much in order at this time. The government cannot claim that we are not in a position to do the work, that we lack construction equipment, that we lack personnel for such a highway program. Contractors have been looking for work in recent years. We are told that some of the machinery has been idle because of lack of opportunities for construction, and we know that half a million Canadians are unemployed. Why should the country be allowed to stagnate? Why should the government not take a lead in providing necessary highway facilities when those are so obviously in the national interests of our country?

The government had a vision before the election, but the election is over and the vision has disappeared. Now we have just the same warmed-over program that the government inherited from the previous administration. We have statements made by the Prime Minister on television that representations about a second trans-Canada highway have been received, but he is not meeting the provinces on this question. As far as I have been able to find out he is not considering at this time an accelerated highway program, nor is the government considering an extension of the present measure.

I think the government should be doing everything to encourage those provinces that have so far lagged behind in construction of this highway. As the hon. member for Burnaby-Coquitlam (Mr. Regier) pointed out, I think additional measures will have to be taken by the government to bolster the financial position of at least some of the provinces and that on the basis of an exact formula, a fair formula, the government should consider increasing the amount of money paid under this act.

As far back as 1916 the United States inaugurated a federal system of roads, and in that nation because of federal leadership, they have built a system of interstate highways, state highways and local farm to market roads largely because the federal government has been paying money into the building of those roads. In Canada our vision has been narrow, it has been short. This government is paying into this highway and it is putting into the roads to resources program.

The people of the province of British Columbia can be very critical, I believe, of their own provincial government. I leave that to them. But they certainly have a legitimate claim that this government should embark on a secondary trans-Canada highway. The people of Alberta are in much the same position. The people of Manitoba think in exactly the same way. I think the people of Saskatchewan feel more aggrieved on this question than the people of any other province, because the province of Saskatchewan was the province which co-operated so well, so readily, so closely and so efficiently with the previous administration that it completed its section of the trans-Canada highway in 1957. Since that time the government of Saskatchewan has been endeavouring to impress upon the federal government the need to embark on a more extensive highway program. There is a large file of correspondence that has been exchanged between the government of Saskatchewan and various federal ministers on this question but to no avail. Today the government of Saskatchewan stands ready and anxious. It demands a chance to co-operate with the federal government in an extension of this very program.

Mr. Walker: I rise on a point of order, Mr. Speaker. The hon. member for Assiniboia is not on the hustings; he is in the House of Commons. He seems to forget that. Already you have ruled twice this afternoon that a discussion of a secondary trans-Canada highway is out of order. I do not care except that many hon. members on this side of the house have been denied the privilege of expressing their views on the subject because they agreed with your ruling. The hon. member for Assiniboia, who recognizes no law except his own, continues to thwart the ruling of the Chair. I would ask you to call him to order, Mr. Speaker.

Mr. Argue: I think the minister is out of order himself.

Mr. Walker: Never mind what you think. May we have a ruling?

Mr. Argue: I have the floor, Mr. Speaker. This ill-mannered, ill-tempered, junior minister of the government—

Mr. Ricard: You are looking at yourself in the mirror.

Mr. Argue: —should not, in raising a point of order, talk about such things as not being on the hustings and the other extraneous matters that he raised in his so-called point of order. This point has been raised before, Mr. Speaker. We had your ruling a few moments ago. I was endeavouring to abide by it. I was not saying—

Mr. Walker: For 10 minutes he has not said anything but talk about a second trans-Canada highway.

Mr. Argue: I am rather surprised that the minister does not know he cannot raise a point of order when another point of order is being discussed.

Mr. Grafftey: It is the same one.

Mr. Argue: I thought a man of his alleged intelligence—

Mr. Deputy Speaker: Order.

Mr. Argue: I do not like this kind of repartee, but I suggest to you, sir, that it was the minister who started this kind of thing.

Mr. Pallett: You had better go back to Montreal and get a new text.

Mr. Argue: Put that on the record; go ahead. The chief whip just whispers something to the *Hansard* reporter; he has been doing it all afternoon. If I may go on to the point of order, I believe that I was in order in what I was discussing when the point of order was raised.

Mr. Walker: Why?

Mr. Argue: What I was discussing was the request by the government of Saskatchewan for an interview to discuss with this government an extension of this act. That had nothing to do with discussing the details of a second trans-Canada highway. With great respect, Mr. Speaker, I suggest it has to do very closely with this act, and that the request was for a discussion of an amendment that would make this act applicable to the government of Saskatchewan.

Before you rise, Mr. Speaker, may I say this. In my 15 years in the House of Commons I have never had points of order raised by government members on the second reading of a bill as has been done on this occasion and on other occasions. I would suggest that there is a definite drive on the part of the government to endeavour to get Your Honour to restrict, more than has been the practice in this house, discussion on the second reading of a bill. I submit with respect that in the discussion of a bill to amend the Trans-Canada Highway Act it is very much in order to refer to consultations that have gone on between governments as to possible improvements in the act.

Mr. Deputy Speaker: As I listened to the hon. member I was going to rise myself because I thought his reference to the extension of the act because a certain province had completed or nearly completed its section of the trans-Canada highway could have application only to a second trans-Canada highway. Therefore I consider that the hon. member is not relevant. I would also draw his attention to the fact that the question of a second trans-Canada highway or the policy of the government concerning highways may be discussed on other occasions. The principle of the bill is, of course, to extend the act for a further period and to provide an additional amount for the present trans-Canada highway. Therefore, even if we want to extend latitude to hon. members I do not think the points that the hon. member was discussing are relevant. I would ask his cooperation as there will be ample opportunity to discuss these matters.

Mr. Argue: Mr. Speaker, when we were discussing a similar bill on March 4, 1959 we discussed the possibility of the government making a statement as to its highway policy. On that occasion, as found at page 1603 of *Hansard*, the former minister of public works, now Secretary of State for External Affairs (Mr. Green), had this to say in reply to a question of mine:

> The officials of the department have, of course, been studying the best type of highway policy to follow the completion of the trans-Canada highway program. I am not yet at liberty to disclose what policy would be followed at that time. All of these points which the hon. member and other members of the house have raised in the course of this debate will be very carefully considered in this connection.

There was a long discussion. I have quoted this passage for the record today, not on the point of order but as an indication that the government has retreated from what appeared to be a broadening of its highway policy as indicated by the discussion last year when we were considering this very act. I am exceedingly disappointed, after having this indication from the former minister of public works, that the indication today is that the government does not intend to consider anything beyond the very words contained in the bill.

I do not think it necessarily follows that to advocate an extension of the Trans-Canada Highway Act you have to have a second

trans-Canada highway. As the hon. member for Coast-Capilano (Mr. Payne), I believe, said, there can be particular sections within a particular province—

Mr. Walker: On a point of order, Mr. Speaker, you made a ruling this afternoon which deprived many government members of the opportunity to discuss a second trans-Canada highway. I raised a point of order, and the hon. member for Assiniboia, whom you found to be out of order, continues to persist in flouting the ruling of the Chair. This is the second time he has done so. Would the hon. member be good enough to wait until I have finished? I suggest, Mr. Speaker, that if the hon. member persists in flouting your ruling you should again bring him to order. He is continuing to discuss a second trans-Canada highway.

Mr. Argue: I think the hon. gentleman is very ill-informed. I have said that to discuss the extension of the trans-Canada highway does not necessarily mean that you have to ask for a second trans-Canada highway and that that had already been made clear in the house this afternoon. Surely if a particular province wishes another 10 miles to be built the hon. gentleman is not going to say that is another 5,000 or 6,000 mile trans-Canada highway. The point I was trying to make did not have to do with a second trans-Canada highway but with the refusal of the minister to meet with the Saskatchewan government.

I think the attitude of the minister has been contemptible in failing to meet with the provincial government when requested to do so to discuss this very policy and the very act that is now before the house. I can scarcely believe that this was the attitude of the minister. When he replies he will be able to explain why, at least for one province, the door of consultation has been closed and why a provincial government which has co-operated fully in the past as far as this act is concerned should not have a full opportunity to discuss its provisions with the minister involved.

If one looks at the mileage that has been built under the act and the mileage remaining to be built he needs no further proof that the legislation as it stands today is inadequate and ineffective as far as completing even a single trans-Canada highway is concerned. Not only is the government anxious that discussion be limited to the very words contained in the bill, to say nothing of the principle of the bill, but the government apparently is not willing to endeavour to formulate a policy that will speed up construction of the trans-Canada highway.

I ask the minister if the people of Canada are going to have to wait until December, 1963 to get a statement of government policy. Are the people of Canada to be denied even a single trans-Canada highway for many years to come because the government has failed to meet this problem? I do not know why the government is in such great retreat. This was the government that believed in expansion. This was the government that had a vision. But the vision is so narrow today that all the minister is prepared to do is to extend for a further period the ineffective and inadequate policy followed by the former administration. That policy was under heavy attack by the Progressive Conservative party when it was in opposition but now that it forms the government and its members occupy the treasury benches apparently it is prepared to continue indefinitely the very narrow scope provided by the act.

I would hope that when the minister speaks in closing the debate on second reading he will give the house some indication of what the government's attitude is toward an accelerated trans-Canada highway program and when the government intends, as promised by the former minister, to enunciate its highway policy. I challenge the minister to meet the government of Saskatchewan, to remove this discrimination and quit making Saskatchewan something of a scapegoat. I would think that the province of Saskatchewan, known so well by the Prime Minister, a province whose people have been so loyal to the Prime Minister on so many occasions, would get not preferential but equal treatment, and I suggest that under the present federal administration the province of Saskatchewan is today getting inferior and shabby treatment. We in this group are looking toward a highway policy that will mean the early completion of the trans-Canada highway and provide adequate roads for an expanding and growing nation.

(Translation):

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I, in turn, add a few words in support of this legislation, since we were all agreed in this house that the trans-Canada highway is of a great importance to the country and therefore to all provinces, including the province of Quebec.

You are undoubtedly aware, Mr. Speaker, that this year again we have heard nothing of the share which the province of Quebec

should be getting under this legislation. In previous years, some of the present ministers made statements to the effect that they were on excellent terms with the Quebec government and that there was every reason to believe that they could obtain the co-operation of the present Quebec government. The Minister of Public Works (Mr. Walker) said so on many occasions. I further remember the Secretary of State for External Affairs (Mr. Green) also saying that particular attention would be given to any request from the province of Quebec, and that some arrangement was desirable and even probable. In fact, according to the present Minister of Public Works, there was possibility of agreement being reached so that the province of Quebec would benefit from this legislation.

Unfortunately, Quebec premiers succeeded each other without any of them bringing about a solution. However, we have lately read the statement of the present Prime Minister to the effect that the legislation was not acceptable to the province and inconsistent—

Mr. Deputy Speaker: Order. Would the hon. member allow me to point out that there is nothing in this bill, nor even in the act which the bill purports to amend, which deals with the province of Quebec or its participation in the program. I therefore fail to see the relevancy of any of the remarks he has made so far.

Mr. Denis: With all due respect to you, Mr. Speaker, and for your function, may I point out that there is reference in the bill to the extension of this legislation until 1963. Therefore, if nobody warns the present government that the province of Quebec has not yet benefited from that legislation, it means that in 1963, the province of Quebec will be left high and dry.

Section 7, mentions that "a certain amount not to exceed $400 million will be spent." I therefore believe, with regard to the sums spent by the government under that legislation, and which should benefit this country and the provinces, that the province of Quebec is interested in knowing, first of all, what amount will be spent under the act and how much time remains for the province to adhere to this legislation.

I think, Mr. Speaker, with all due respect for your decision, that Quebec, more than any other province, is interested in taking advantage of this legislation, and that is why I wanted to say that Quebec should benefit from it.

Mr. Deputy Speaker: May I point out to the hon. member that it is up to the government of the province of Quebec, and to the Quebec legislature, to take a position to this effect, and that it is not a responsibility of hon. members of this house to take decisions on behalf of the Quebec government or its legislature.

Mr. Denis: Mr. Speaker, I am completely in agreement with your statement. However, I think it is proper for the representative of St. Denis, as for all other hon. members in this house, to warn this government that if it believes in good understanding, and in the national interest—if it believes in assisting and developing this country, it should try to reach some agreement with any province, whether it be Quebec or Ontario, particularly after the statements made over the years to the effect that there was some question of an agreement being concluded.

I therefore, Mr. Speaker, ask the present minister to carry out his promises and show his good will towards the government of Quebec.

Mr. Speaker, if you rule that the province of Quebec has no say in the matter, since it has not benefited from the advantages resulting from that legislation, well, I will change the pattern of my speech.

Mr. Deputy Speaker: I would suggest to the hon. member to change the nature of his speech. He may have the opportunity, when the estimates of the Department of Public Works are considered, to deal with the administration of the Trans-Canada Highway Act. His remarks will then perhaps be relevant; however, in the present context, they are not.

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, on the point of order, I respectfully submit that if, in the light of the principle on which you base your ruling, we may not now discuss the relations between the federal government and the province of Quebec, I fail to see how we could, when the estimates of the Department of Public Works are submitted to the house, deal with the attitude of the province of Quebec, since Bill C-57 is national in scope, thus providing for contributions to all provinces. Now, if I correctly understood the remarks of the hon. member for St. Denis (Mr. Denis), I am of the opinion that as a member from the province of Quebec, he was trying to find out why the province of Quebec has not benefited from that act. If the hon. mem-

ber for St. Denis had been allowed to go on with his remarks, I think we would have realized that he was about to criticize this government for not having taken the necessary steps, and for not having inquired from the Quebec authorities about the motives preventing them from taking advantage of that act.

Mr. Speaker, I believe that, in this context, the remarks made by the hon. member for St. Denis were in order.

Mr. Deputy Speaker: I do not think the remarks of the hon. member are in order, because the bill does not refer to the province of Quebec. It is merely a matter of extending the period during which contributions may be paid to the provinces, and of increasing the amount of the expenditures authorized under the act. There is no reference in the bill to representations or to the application of the act in the province of Quebec.

As to whether the point raised by the hon. member for St. Denis may be discussed when the estimates of the Department of Public Works comes up before the house, a proper decision can be taken at the time. I referred to this possibility only to illustrate the reason for my ruling.

Mr. Deschatelets: Mr. Speaker, when you say there is no reference to the province of Quebec in Bill C-57 which is now placed before us by the present government, let me point out to you that under the terms of Bill C-57, the province of Quebec is a province like the others, because in the explanatory notes—

Mr. Deputy Speaker: Order. I have made my ruling, and I see no need to discuss the matter further.

Mr. Denis: Mr. Speaker, may I suggest we call it six o'clock?

(Text):

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

(Translation):

Mr. Denis: Mr. Speaker, before recess we were speaking of that legislation, and more particularly of the benefits it might bring to the province of Quebec. Unfortunately, Mr. Speaker, you decided that hon. members from the province of Quebec had no right to discuss any advantages the act might bring to Quebec, even if the province has had no benefit from it for several years.

I venture to say, Mr. Speaker, that the legislation is of more particular interest to the province of Quebec because one section mentions that the act would be in effect only until December 1963. That is why I was saying, Mr. Speaker, that if the Minister of Public Works (Mr. Walker) did not come to some arrangement with the province of Quebec, there would be danger of the province never benefiting from it.

Since the legislation was passed in the national interest; since it is to the national advantage of this country, and since I feel that the province of Quebec is part of Canada and that, contrary to the views of the Solicitor General (Mr. Balcer), an act does not become unconstitutional because it is satisfactory to nine provinces only and not ten, I submit with all due respect, Mr. Speaker, that I have the right to discuss the matter. As a matter of fact, when university grants were discussed, the Solicitor General mentioned on several occasions various premiers who succeeded each other in the province.

He referred to Messrs. Barrette, Sauve and Duplessis, and, every once in a while, he reverted to the subject. If it was permissible for the Solicitor General to talk about his province in the matter of the universities, I believe it is also permissible for the humble member for St. Denis (Mr. Denis) to speak about his province, with regard to a different bill.

The hon. member for St. Denis is aware that the province of Quebec has not yet taken advantage of this act, one that will lapse, in so far as the province of Quebec is concerned, after 1963, because the act will then be annulled.

Yet, the Minister of Public Works, as well as members generally, are of the opinion that the trans-Canada highway is of vital importance for this country, in peacetime as well as in wartime, and for its development, because who knows what the future may hold for a country like ours?

I have explained that one of the most important, if not the most important, of the provinces had decided it could not take advantage of this bill because it is unacceptable to her.

That is why, Mr. Speaker, I say to the Minister of Public Works, that instead of letting the province of Quebec stand by itself and say that this bill is unacceptable, instead of merely saying himself: "It is acceptable", he should ask the Quebec government: "Why is it unacceptable?"

That is why I ask the Minister of Public Works to be a minister for all ten of the provinces and not only for nine of them.

He is aware that, maybe for electoral or other reasons—I do not want to impute motives to anyone—it is possible, because we once had a Liberal government in Ottawa. While the Quebec government was the Union Nationale, it is possible that for electoral or other reasons—I am not accusing anyone—it is possible that the Union Nationale which was entrusted with the future of the province of Quebec was not interested in finding an answer to the problem.

It is possible that there were certain reasons that we know nothing about, underlying or implicit reasons—call them what you will, Mr. Speaker, for which no agreement was possible.

It is a known fact the the present government is on good terms with the present Quebec government.

Mr. Rouleau: They go hand in hand.

Mr. Denis: They co-operate hand in hand. It is also known that the Minister of Public Works and the Secretary of State for External Affairs have stated that there was good co-operation. I would therefore suggest that the Minister of Public Works, while taking his responsibilities, ask the Quebec government why this bill is unacceptable to Quebec, and which provisions are unacceptable. I think the present Minister of Public Works has a duty to write or get in touch in some way with the Quebec authorities. After all, Quebec is no different from the other provinces, and if grants are due to the provinces, Quebec is entitled to them just as much as Ontario, for instance.

An hon. Member: Vote Lesage.

Mr. Denis: I would like the Minister of Public Works to get in touch with the premier of Quebec who, at the present time, regards this act as unacceptable. Have no fear, the members who are friends of the Quebec government and the other members will still support this bill, even if their provincial leader says it is unacceptable. They will decide that it is constitutional for nine provinces, and unconstitutional for one province, and vice versa, as the situation requires.

I therefore urge the Minister of Public Works to kindly ask the Quebec provincial government why Quebec cannot take advantage of the bill, which of its provisions would have to be amended, which of them are harmful or encroach upon provincial autonomy? What are the monetary, financial and other conditions? We should then know just why the province of Quebec refuses to have anything to do with the present program which is excellent, I think.

As a matter of fact I should say—if I may be excused for taking somewhat after the present government—that this is Liberal legislation. As you know, hon. members opposite never miss an opportunity of saying that this or that is Conservative legislation. Well this one is truly a Liberal one. And were it not for such Liberal legislation, leaving the Conservative party what little lingering popularity it still has I think this Conservative government would be pretty short-lived.

Then, Mr. Speaker, I should like the Minister of Public Works to give us the assurance that he is going to get in touch with the authorities of the province of Quebec. I ask the minister—and I am going to repeat my question to the Minister of Public Works, as he is probably going to have discussions with his counterpart in Quebec—I am in no hurry, Mr. Speaker—

An hon. Member: My colleague is trying to explain the situation to him, but it is difficult.

Mr. Denis: When the minister has finished his conversation with the hon. member for Quebec East (Mr. Tassé), he might be able to answer the questions I put to him; but if he does not listen, no wonder we never get any answers to our questions.

It is important that the Minister of Public Works tell us whether he will finally get in touch with the province of Quebec so that we might learn why it does not support this bill. What clauses are not acceptable to the Quebec premier? What clauses should be amended? What sum of money is it not acceptable?

I listened carefully this afternoon to the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) when he pointed out that the provincial minister seemed to suggest that mention was made of fences and gates which

are not included in the agreement. Maybe the minister could add a few gates so that the Quebec government might accept and then my province will get a few million dollars if it is only a matter of a few missing posts or signs—

I am told that it has been suggested that the highway would mean the razing of some towns and villages. Could the Minister of Public Works make arrangements with the provincial government so that those towns or villages could be by-passed; perhaps then the hon. premier of Quebec could agree to this project. Those are all ridiculous objections, I think, which prevent us from sharing in the funds expended on the trans-Canada highway which, being of vital importance to the country, is evidently so to the province of Quebec, as to the province of Ontario and to all others.

Therefore, I think that the present Minister of Public Works should be concerned about this refusal by the province of Quebec to share in this project. It is all the more important because if the province of Quebec decided to participate in this project, the amount that we are asked to vote might not be large enough, for we know that not a single mile of highway has been built in the province of Quebec under this project, while the other provinces have largely taken advantage of it.

I am told also there are at least 413 miles of highway to be built in the province of Quebec.

Our Conservative friends from Quebec claim that our roads are very good. Well, I have here an analysis of the estimates of the highway department, made in 1957 by the Canadian Good Roads Association. It shows that the amounts per capita spent by each province for their roads are as follows:

Newfoundland, $27 per capita.
Prince Edward Island, $40 per capita.
Nova Scotia, $47 per capita.
New Brunswick, $43 per capita.
Quebec, $26 per capita.
Ontario, $45 per capita.
Manitoba, $28 per capita.
Saskatchewan, $31 per capita.
Alberta, $51 per capita.
British Columbia, $50 per capita.
Average for all Canada, $45 per capita.

And it is suggested, Mr. Speaker, that Quebec, with expenditures of $26 per capita, has done its duty as far as roads are concerned.

[Mr. Denis.]

I have here a statement from the highway transport association, which says:

The highway transport operators finally hope that Quebec come to some agreement with Ottawa, so that the province of Quebec might recover—

Mr. Deputy Speaker: Order. I think the hon. member for St. Denis realizes that I have given him much latitude; but I notice that he wanders further and further away from the subject matter, because he is now discussing the policy of the Quebec provincial minister of highways, which has no connection whatsoever with the bill now before us. I hope the hon. member will henceforth cooperate, in view of the latitude which has been allowed him until now.

Mr. Denis: I thank you, Mr. Speaker, for the latitude you have given me, and you probably did so because I was not out of order.

As I was attempting to show the proportion between the efforts made by the various provinces, and also to prove that Quebec had not done its full share, I had to mention that some important organizations in my province were hoping that an agreement might be reached between the present Minister of Public Works and the premier of Quebec. Consequently, I had to prove the importance of taking advantage of the minister's good will towards Quebec. And if the Liberals, the citizens of the province of Quebec, do not approve of the policy of the Conservative party or the Union Nationale, let at least the minister's good will towards the province of Quebec allow those sums of money which are being spent all over the country to benefit the province of Quebec as well.

I say that in Quebec, we do not have the highways we need. One of the reasons why we did not agree to the arrangement, according to the Union Nationale, is that we have excellent highways. Well, Mr. Speaker, if we have excellent highways almost everywhere, why does not the present minister ask Quebec authorities to mention those that are not excellent, so that we may know exactly where we are, and that we may do something about it.

Take for instance, the case of Montreal, which has a population of over a million people. The citizens of that city are up against great difficulties at this time. On the northern side, there is the Metropolitan boulevard, and the municipal authorities have prepared plans for a super-highway running east-west on the southern side. The trans-Canada

highway will necessarily have to go through there. Why could not the authorities of that city get some of the funds made available by the present government?

Have no fear, Mr. Speaker, I have no intention to suggest a second trans-Canada highway. Bad enough that, so far, we have no such highway at all in the province of Quebec.

However, with regard to those two highways, perhaps the present Minister of Public Works could ask the government to tell us to which of those two constructions it would be prepared to contribute. The province of Quebec could thus share in the advantages of the act, at least in Montreal, and at the same time we should know whether the additional amount of $50 million that we are asked to vote would be enough.

I understand that the Minister of Public Works has increased the amount by $50 million, for he knew full well—as he is prepared to say—that Quebec would still turn down the program, for if the Quebec government changed its mind and decided to join the program this year, and went ahead and built the 400 miles of highway called for under the act, it is not a mere $50 million that would be needed, but a hundred million dollars. Therefore, would the minister indicate whether the amount that would be needed, if Quebec did accept to join the program, is included in the $50 million added to the total amount to be spent.

(Text):

Mr. Deputy Speaker: I must inform the house that if the minister speaks now he will close the debate.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I want to say that I thought I was dealing with a request to amend the Trans-Canada Highway Act by adding $50 million as our contribution to the provinces and by extending the time for the completion of the highway. However, I find myself in a fascinating position tonight. I have been invited by my good friend the hon. member for Levis (Mr. Bourget)—he is a great friend of mine—to become a constitutional authority and to give a constitutional answer for the benefit of the loyal opposition and, I am sure, for the benefit of the opposition in the province of Quebec. I have also been asked a question by that Bob Hope of the House of Commons, that straight man, the hon. member for St. Denis (Mr. Denis). I am honoured also to think that we can get his mind away from post office robberies and on to this subject. Even if it is not on the subject, at least he is addressing questions to me and I am really honoured. This is the first time in my career that I have drawn his attention and I am really greatly honoured. I hope he will continue. I have not had as much attention in a long time.

I am asked whether Quebec is going to participate and whether I think Quebec should participate. All I want to do in answering the hon. member for Levis and the hon. member for St. Denis is to say this. If the prime minister of Quebec, Mr. Barrette, is always as able, good, wise and charming as he was in his visit to Toronto last week when he captivated that city and that province, I think the premier of Quebec can manage his own affairs and he does not need any advice from the new Minister of Public Works for Canada.

Mr. Denis: Will the minister permit a question?

Mr. Walker: Yes.

Mr. Denis: Does the minister mean that if he is as good, wise and charming, he is going to accept this contribution?

Mr. Walker: I did not quite catch the last part of the question.

Mr. Denis: Does the minister mean that if he is as good, charming, wise and popular, he will accept participation in this project?

Mr. Walker: One of the fundamentals that I learned as a youngster—and I have never forgotten it in the practice of law—is that one should mind one's own business. I therefore do not pretend to interpret the mind of the premier of Quebec. All I can say at the present time is that we are dealing with nine provinces. Put on the horn, my friend, and listen in on this. At some time my hon. friend might try that solution himself. If he did so, we would of course be deprived of a great deal of humour in this House of Commons. I appreciate that fact.

May I say this. I know that Quebec can manage its own affairs and that Quebec certainly would not seek advice from a Torontonian. That really means something. I am sure the hon. member for Laurier (Mr. Chevrier) would not even suggest that anybody from Quebec should ask advice from Ontario.

May we tonight come back to realities just for a few minutes. We have not discussed this subject since some of the hon. members of

the government here followed the hon. member for Bonavista-Twillingate (Mr. Pickersgill). This has been a heyday. It has been a picnic. We have had a lovely time on constitutional rights, the interpretation of the mind of the premier of the province of Quebec, second highways, extra highways, this, that and the other thing, plus all-round condemnation with trenchant blows from that conqueror from Assiniboia who has just returned from the hustings and who forgets always that he is in the House of Commons. May I bring him back to realities and correct him, if he will permit me to do so. He is a very good friend of mine. We are fellow sufferers. We both study French. We take French from the same professor. I admit that he is making great progress. I am a little bit jealous of him because I do not shine along that line.

But may I say to the hon. member for Assiniboia (Mr. Argue), so that he will not feel too hurt, that never since I became the Minister of Public Works—and that is only a period of nine months—have I ever received a request either from the Saskatchewan government or any member of the Saskatchewan cabinet for a conference. I am always open for conferences. I have sometimes five, six and up to 12 delegations a day, assisted ably by my friend, the hon. member for Quebec East (Mr. Tassé), who always sits in on these conferences. I cannot think of any more delightful experience than that of having a delegation from the province of Saskatchewan. I would ask my friend the hon. member for Assiniboia to extend on my behalf an invitation to the premier—the Black Douglas—or any member of the Saskatchewan government because I always like to see what makes these socialists tick.

Just to show how broadminded I am, I had a meeting with Hon. P. A. Gaglardi, minister of highways of British Columbia. He was in to see me the other day and we had a very pleasant time. I know I would do the same with Mr. Douglas. May I say this. The premier of that province did have a conference on highways with the present Secretary of State for External Affairs (Mr. Green). I think they discussed highways before I came in.

In connection with the province of Saskatchewan and its role, I should like to deal with that matter as I deal briefly with this bill. This is a simple bill. There is nothing to it. All we are trying to do is finish up what we started eleven years ago and is not yet finished. We are the people who are putting up a sum of money; I refer to the dominion government. Unfortunately, we have not the conduct of this highway. We check it and when the work is done we pay our share. Whether it is finished or not, I am not going to blame anyone; but I object to hon. members of the opposition blaming the dominion government. We did not set up the manner in which this highway was to be completed. It was done by our predecessors, and I am not even blaming them for it. All I am saying is that I am attempting to complete one of the grandest enterprises entered into by Canada since Sir John A. Macdonald brought about the completion of the unification of Canada from the Atlantic to the Pacific by a railway.

Let me now talk about this highway and get it cleaned up. The bill contains two simple clauses providing for $50 million more and an extension of the time. As to the hon. member for Bonavista-Twillingate, I thought I would test him out this afternoon. The Prime Minister (Mr. Diefenbaker) always told me that if you do not say anything he falls fairly flat; but if you interrupt him he blows up and carries on with great gusto. I therefore did not say a word to all the challenges he threw out, all the innuendoes and all the rhetoric. After about 20 minutes he just faded away. I was very happy to note that fact. As long as I am minister I shall always endeavour to use that method with the hon. member for Bonavista-Twillingate.

It was a wonderful exhibition we had this afternoon of twisting and turning. The hon. member for Humber-St. George's (Mr. Batten), who spoke very ably today and on the resolution, spoke in the same way in 1956. He is a member from Newfoundland. I appreciate the problems of Newfoundland and I appreciated the way in which he spoke. He has been consistent throughout. But the hon. member for Bonavista-Twillingate for the first 20 minutes was very eloquent in support of something that he steadfastly opposed all the time he was a member of the government, namely any change in the participation on a percentage basis of the provinces and the dominion in the completion of this highway.

Mr. Chevrier: May I ask the hon. gentleman a question? Does he remember when, on a similar occasion, he took me to task because I was discussing a matter concerning the department of the Minister of Transport, and he was not here although it was on a motion to go into supply? Does he think that under the circumstances he should attack the member when the hon. member for Bonavista-Twillingate (Mr. Pickersgill) is not in his seat? Is there any difference between the two situations?

Mr. Walker: There is a great difference. I thank the hon. member for Laurier for asking that infantile question. When he attacked the Minister of Transport it was on a supply motion. The Minister of Transport had a long standing engagement which the hon. member knew about, and the attack was launched when the minister was not here.

Mr. Chevrier: I rise on a point of order.

Mr. Walker: I am replying to the question. The hon. member for Bonavista-Twillingate is supposed to be here.

Mr. Chevrier: On a point of order; the Minister of Public Works has said that the Minister of Transport had an engagement that I knew about at the time of the debate on the supply motion. I say here on my responsibility that I knew of no such engagement, and the Minister of Public Works has to accept my word. He must accept the word of a member of parliament under these circumstances. I am still on the point, sir.

Mr. Hamilton (Qu'Appelle): State your point of order.

Mr. Chevrier: Just a moment.

Mr. Walker: You see the difference.

Mr. Chevrier: No, I do not see the difference, because the minister is trying to be facetious—

Mr. Walker: No, I am very serious.

Mr. Chevrier: —and he is not succeeding. I should like to continue and say that when a motion to go into supply has been announced by the house leader a minister of the crown should be in his place.

Mr. Walker: It is quite obvious that the Minister of Transport (Mr. Hees) had no idea that an attack would be launched on him that day. Had my friend been his usual courteous self he would have notified him. He did not notify him.

Mr. Chevrier: There is no obligation to notify him.

Mr. Walker: I was attacked by the hon. member for Bonavista-Twillingate. Because he chose to dine late tonight, that is no reason why I should not answer him and his attack. Does he seek to escape—

Mr. Bourget: What about the Minister of Finance (Mr. Fleming)?

Mr. Walker: Does he seek to escape my answering him by staying away from the house?

Mr. Chevrier: All you are doing is casting a slur.

Mr. Walker: I say to the hon. member who is usually so good-natured, just calm yourself. You hoisted yourself on your own petard, and you had better take it.

Mr. Chevrier: If you will calm yourself I will do the same thing.

Mr. Walker: In the future, you would do very well not to interrupt me. You know I have been around for a long time and I am not impressed by those cheap interruptions.

Mr. Chevrier: You have been around for a long time, but you are a cheap minister.

Mr. Walker: Let us just consider that. That was a very clever reply, was it not?

Mr. Chevrier: It was one that you deserved.

Mr. Walker: May I continue?

Mr. Argue: The minister should stay in order and address the Speaker.

Mr. Walker: Would it be all right to have the permission of the hon. member for Laurier to continue?

Mr. Chevrier: You do not need my permission to go ahead.

Mr. Walker: When I was attacked this afternoon by the hon. member for Bonavista-Twillingate he could not have been serious because he argued strenuously that he did not participate in the discussions with his government but he went along with it and voted for it, and that was exactly what we are doing today. This arrangement of 50 per cent and 90 per cent of 10 per cent of the mileage was introduced by the Liberal government in 1956. The hon. member for Bonavista-Twillingate was a member of the cabinet of that time; he was in favour of it and voted for it. We have not changed it at all.

Mr. Bourget: After you had promised to change it.

Mr. Walker: When it was suggested that a greater percentage should be given we had the hon. member for Levis take part in the debate.

Mr. Brassard (Lapointe): The grand master of the House of Commons.

Mr. Walker: At that time he held a very important office in the government as parliamentary assistant to the minister of public works and this is what he had to say in reply to the request that more money should be spent by the government in this endeavour to build a trans-Canada highway to help the provincial governments. I am reading from *Hansard* of 1956, volume III, at page 2976. This was on April 16:

> Another criticism which was made, and which is generally made under similar circumstances, was that we were not doing enough.

Now we are doing exactly as the Liberals were doing. I continue:

Well, Mr. Chairman, we of course do appreciate the demands that are made upon provincial treasuries, but we also cannot lose sight of the fact that heavy demands are made upon the federal government for national defence and for social security measures. We frequently hear demands to increase social security measures such as family allowances, old age pensions and the pensions of superannuated civil servants.

May I interpose and say that they heard the demands but they turned a deaf ear to them. I continue with the quotation:

If we are going to meet all the requests that are made by hon. members of the opposition we certainly will have to find new sources of revenue. We will have to be practical and increase taxes. We must not lose sight of that fact.

I simply cannot understand, Mr. Chairman—

My hon. friend spoke very eloquently in English. I continue:

I simply cannot understand, Mr. Chairman, how hon. members can get up in this house and repeatedly ask for more money and in the same week accuse us of taxing the people of Canada too heavily. We will probably hear that accusation tomorrow when we resume the debate on the budget. Hon. members opposite will say that the people of Canada are too heavily taxed.

Now, the hon. member—

Mr. Denis: Mr. Speaker...

Mr. Walker: My time is limited, Mr. Speaker.

(Translation):

Mr. Azellus Denis (St. Denis): Mr. Speaker, I rise on a point of order. May I ask you how long a minister of the crown may be out of order before being called to order?

I respectfully suggest that all he is saying now has nothing at all to do with this bill.

Mr. Deputy Speaker: I am very glad that the hon. member for St. Denis raised this point of order with regard to the relevancy of the debate. In my opinion, I can hardly deny the minister a chance to reply to the arguments and objections raised during this debate.

(Text):

Mr. Walker: Mr. Speaker, the then minister of public works, who is now Mr. Winters, president of Rio Tinto, had this to say in reply to a similar argument raised by the opposition today. I am reading from page 3070 of the debate of April 19, 1956.

Mr. Chevrier: Are you going to cast a slur on him, too?

Mr. Walker: You can determine yourself. These words are not a slur on him. They indicate the frame of mind of the government of the day of which the hon. member for Bonavista-Twillingate was a member. At that time I believe the hon. member for Laurier was the chairman of the St. Lawrence seaway authority.

Mr. Brassard (Lapointe): What about your own promises?

Mr. Walker: I am going to deal with those; I will be delighted to.

The Hon. Mr. Winters said this:

It has been suggested that federal contributions should be increased above the present level of 50 per cent. In fairness to those provinces which have made the greatest progress, any general or over-all increase beyond 50 per cent would have to be retroactive—

I hope all hon. members will follow this. I continue:

—to the dates upon which the federal-provincial agreements were signed.

I interpose this remark. That would be 1949. The quotation goes on:

Retroactive legislation of this nature gives rise to many problems and moreover I have serious doubts as to whether this approach would achieve the desired end. Further, no advantage would be gained if the federal government increased its contributions only to have the provincial governments reduce expenditures on the highway by a similar amount. What is required is an increased effort on the part of all concerned.

This is the end of the quotation.

Mr. Bourget: May I ask a question of the minister?

Mr. Walker: Would the hon. member do so at the end of my speech? My time is limited. I should like to hear the hon. member.

Mr. Bourget: I will.

Mr. Walker: In 1958, of course, after the Liberals had been flung from power and were getting ready for another election they switched over completely and decided that 90 per cent should be paid by the dominion and 10 per cent by the provinces. That was their convention jargon. They went to the people but the people did not take them seriously and gave them the greatest licking any political party has received since confederation.

Mr. Chevrier: If you carry on the way you are carrying on now you may get a licking.

Mr. Crestohl: You forget that there is always another election coming.

Mr. Walker: There is always another election coming and my friend will note that according to the Gallup poll we would get 180 seats if there was an election tomorrow. Could this scheme have been changed? Perhaps it could have been changed in 1956 but could it be changed now? Up to 1956 only $225 million of work had been approved for construction. I should like your attention to this matter, Mr. Speaker, because

I want to emphasize this point. In the period from 1956 to 1960, $313 million more work was approved for construction. So you can see that with that tremendous sum expended it is too late to change the percentages in 1960 when three of the provinces have practically completed the work, when others will have completed it very shortly, most of them, we hope, by the end of 1963. We agree with the minister of public works of that day—hon. members will appreciate this—that any over-all increase would have to be retroactive to 1949 to cover all the provinces, including the province of Saskatchewan from which the hon. member for Assiniboia comes. To do otherwise would be discriminatory and that is something of which the Diefenbaker government can never properly be accused.

It would involve paying all the provinces on a 90 per cent basis and would require an increase of $265 million in federal funds—think of it, $265 million—so that the Atlantic provinces could be treated on a 90 per cent basis as was suggested by the hon. member for Bonavista-Twillingate. I do not think there is an hon. member in the house from any one of the 10 provinces who would suggest that an act such as the Trans-Canada Highway Act, which required each of the provinces to enter into a contract similar in every paragraph except as to the schedule of work to be done, should be changed unless all provinces were going to be treated alike. How could you change the contracts of one, two, three or four provinces without changing the contracts of all provinces? It would be an impossible situation, that $265 million more than has already been provided should be spent by the federal government so that some of the shortcomings which the hon. member for Bonavista-Twillingate claims have been perpetrated on certain provinces can be corrected. One cannot change the percentage for one of the nine participating provinces without making the same change for the other provinces. If there had been a separate deal for the province of Newfoundland alone there would not have been any trouble.

But this is not the way to get extra relief. It might be done as it has been done in the past. The Atlantic provinces have received additional stipends because of the fact that they have required general over-all stipends. No member of the house has complained about that, but you cannot make such a change in the Trans-Canada Highway Act. I would ask hon. members to keep in mind that all these agreements are exactly the same for all the provinces and that the only variation is in the schedule.

I want to answer the hon. member for Assiniboia. He has left the house. Probably like the hon. member for Bonavista-Twillingate—

Mr. Argue: On a point of order, I am in the chamber.

Mr. Walker: Thank you very much. I am glad of that. Now I can speak with impunity without the hon. member for Laurier criticizing me for taking unfair advantage of the hon. member's absence. All the provinces have entered into the same contract and are being treated exactly the same so far as contributions by the federal government are concerned. All the provinces have one thing to do. No province was forced to come into this deal. They all came into it voluntarily. Each one of them had an obligation to complete the share of the trans-Canada highway within their own borders and when they had completed the share within their own borders and had been paid by the dominion government they had been dealt with fairly, could require nothing more and could not claim that they had been dealt with unfairly.

If the province of Saskatchewan, through no effort of the socialist government, happens to be a great plain where there is no necessity for bridges or detours Tommy Douglas and the hon. member for Assiniboia cannot claim that they are responsible for that. If they get their part of the highways built on time and are paid by the dominion government as they have been paid and if they have the use of that magnificent highway that goes right across their province, how can the province of Saskatchewan complain? It has been dealt with fairly under the terms of the Trans-Canada Highway Act.

So I say to hon. members that the object of this federal government—I do not claim that the former government had any other purpose—is to deal freely and fairly with all the provinces, but the federal government wants the trans-Canada highway completed and the sooner it is done the better.

My conclusions can be summed up in this way. In the first place, we cannot discriminate by changing the contract now for one province or two provinces and leave out the others. Second, in the alternative it is impossible at this stage in that we cannot afford to change the contracts of all the provinces because it would cost another $265 million. I should like to discuss the suggestion of some hon. members that there should be a second trans-Canada highway but I know that has been ruled out of order.

Mr. Chevrier: The Speaker said you could go ahead.

Mr. Walker: I will not attempt to buck the ruling of the Chair. I want to thank the hon.

member for Bonavista-Twillingate for recalling that I did go to St. John's, Newfoundland, that I did make a speech on television and that I did carry out what I said I would do in that speech, namely review the policy under the Trans-Canada Highway Act. We have reviewed it and after serious consideration we have continued the legislation for a further period and asked for additional money in order to complete the highway. When hon. members of the opposition who were members of the government in 1956 argue that the provinces should have a greater share their argument is applicable to a time when it was possible that all the provinces should have a greater share because up to then only a small amount of money had been expended on the trans-Canada highway. It was perfectly proper to do so then, but anybody contemplating the amount that has been spent up to the present time will see how impossible it is to make a change in 1960 which was feasible in 1956.

I am enthusiastic about the trans-Canada highway, Mr. Speaker. It is a magnificent achievement. The portion in the national park in Newfoundland I am proud to say will be completed this year. The dominion government will complete its chore and that is not included in the $400 million that we are spending as our contribution to the provinces. This is a magnificent project. We have had tremendous problems. The problems in Rogers pass in British Columbia are almost beyond description. The problems in that great wide belt of northern Ontario north of lake Superior are fantastic. The difficulties being encountered are almost incredible. Newfoundland has its problems, Mr. Speaker. At this stage, I have nothing but good will for all the members of the house—

Mr. Chevrier: Hear, hear.

Mr. Walker: —including the hon. member for Laurier.

I should like to suggest, with the greatest deference to all hon. members in this house, that the job we are completing is a job which has to be completed. I agree with the hon. member for Bonavista-Twillingate that until it is completed we should not consider a second highway. In saying that, I might be out of order, but that is all I am going to say here. If, in the committee stage, there are any questions I can answer I shall do my best to answer them.

Mr. Bourget: I hope the minister will now allow a few questions.

Mr. Walker: May we wait until the committee stage?

Mr. Bourget: I believe the minister mentioned what I said in 1956 when the act was amended. I can tell the minister that I have nothing to withdraw. As a result of what the minister said in his concluding remarks I should like to ask him how he can logically say that the act could not have been amended in 1957 to pay more to the provinces. This was only one year after the Conservatives made promises right here in this house that they would increase the federal government's share. If the minister does not believe me, he only has to ask the hon. member for Victoria, (Ont.) (Mr. Hodgson) who is sitting right behind him and who said the federal government should pay 90 per cent of the cost of the trans-Canada highway.

Some hon. Members: Order.

Mr. Bourget: How can the minister explain the fact that within one year they could not change the act and pay more as they promised to do?

Some hon. Members: Order. Question.

Mr. Deputy Speaker: Order; may I remind the hon. member that he may not speak twice in the same debate.

Mr. Bourget: I am just asking the minister to answer that.

Mr. Walker: I have always thought, Mr. Speaker, that the hon. member for Levis (Mr. Bourget) should have been a lawyer and not an engineer. He is very eloquent.

Mr. Chevrier: He would have been a good one.

Mr. Walker: A very good one; I am glad the hon. member for Laurier agrees with me. In reply to the hon. member for Levis may I say that unfortunately in 1957 I was not the Minister of Public Works.

Mr. Bourget: There is another question that I asked, a very serious question—

Some hon. Members: Order; committee stage.

Mr. Bourget: The minister has allowed me to ask him some questions at the conclusion of his remarks. I am in order, Mr. Speaker, with the permission of the minister, to ask a question. I am asking the minister, and I think it is a very serious question—

Mr. Grafftey: Let us hear it.

Mr. Bourget: You had better wait.

Mr. Grafftey: We will tell you if it is serious.

Mr. Bourget: A serious question is the kind of question you would not understand.

Mr. Grafftey: I never understood your first question.

Mr. Bourget: I like my hon. friend, so I will not say anything. I ask the minister to answer the question that I asked him this afternoon, does he believe that the trans-Canada highway bill that is now before the house is constitutional?

Mr. Walker: I am just the plumber of the government, not the lawyer.

Mr. Bourget: You will agree with me that it is a very serious question. I feel the minister should not evade the question.

Mr. Deputy Speaker: Order; I must remind the hon. member that he can put a question but he cannot decide what answer he is to get. Is the house ready for the question?

The house divided on the motion (Mr. Walker) which was agreed to on the following division:

YEAS

Messrs:

Aitken, Miss
Allard
Allmark
Anderson
Argue
Badanai
Batten
Beech
Best
Bigg
Boulanger
Bourget
Bourque
Brassard (Lapointe)
Brooks
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Campbell (Lambton-Kent)
Carter
Cathers
Chambers
Charlton
Chevrier
Clancy
Comtois
Creaghan
Crestohl
Crouse
Danforth
Denis
Deschatelets
Dinsdale
Doucett
Drysdale
Dubois
Dumas
Dupuis
Eudes
Fairclough, Mrs.
Fane
Forgie
Fulton
Grafftey
Grills
Gundlock
Habel
Hamilton (Qu'Appelle)
Harkness
Herridge
Hicks
Hodgson
Howe
Jones
Jorgenson
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lahaye
Lambert
Leduc
Letourneau
Loiselle
Macdonald (Kings)
Macdonnell
MacInnis
MacLean (Queens)
MacLellan
Macquarrie
MacRae
McBain
McFarlane
McGee
McGregor
McIlraith
McQuillan
McWilliam
Martini
Matthews
Michaud
Milligan
Mitchell
Monteith (Perth)
More
Morton
Nasserden
Nesbitt
Noble
Nowlan
O'Hurley
Ormiston
Pallett
Pascoe
Paul
Payne
Pigeon
Rapp
Regier
Robichaud
Rogers
Rompre
Rouleau
Simpson
Slogan
Smith (Lincoln)
Southam
Speakman
Stearns
Tardif
Tassé
Taylor
Thrasher
Tucker
Villeneuve
Walker
Webb
Webster
Weichel
Winch
Winkler
Wratten—122.

NAYS

Nil.

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

On clause 1—*Termination of contributions.*

Mr. Argue: We listened to the remarks of the minister with great interest. I am not sure he was always in order, but it was very pleasant hearing from him this evening. I was glad he was able to admit that the good province of Saskatchewan was the first to complete its section of the trans-Canada highway. I do not think the fact that we have relatively level terrain is the main reason why it was completed first, because if this were the only factor the provinces of Manitoba and Alberta would be in a comparable position. We have a government that wished to proceed with this project as rapidly as possible, and although our resources are relatively limited compared with those of some other provinces, we pressed forward, and we are very pleased with the fact that we are the first province in Canada to complete its section of the highway.

The minister has advanced some arguments as to why this government is not prepared to change the formula. He says that if it does so the formula will have to be made retroactive. With that I certainly agree, but as I have already pointed out it is not very many months from the time when members of the Conservative party were advocating vast changes. They advocated these changes until they had the opportunity to perform, and they proved a complete failure when it came to performance.

The people of Saskatchewan feel aggrieved, not only because they have had to wait for so many years without any extension of this act but also—and I do not intend to go into this at length—because they feel that in another program which has to do with roads they have been short-changed by a few million dollars that have been charged against the province in an unfair way, having to do with the Prince Albert bridge.

I wonder if the minister could give the committee a report as to the number of miles

of highway yet to be completed in the various provinces. As I have said before, I have a report—I believe it is the latest report which hon. members have—going up to March 31, 1959. I wonder if the minister could bring the committee up to date as to the number of miles completed in each province; the total mileage, and the mileage yet to be completed. While the minister is doing that, I hope he will pass some comment concerning whether or not the federal government believes there is any real likelihood that all the provinces will complete their portions of the highway within the time set by this present amendment. If we are going to wait until every province in this nation has completed its section before this government announces its highway policy, we shall wait for many, many years and the majority of the people of Canada will be extremely disappointed inasmuch as they are having to suffer because other provinces are so tardy in proceeding with this program. In addition to the information as to the number of miles completed in each province, I should like the minister to make some comment about what progress the federal government expects will be made on the trans-Canada highway within the period of this act.

Mr. Walker: I want to thank the hon. member for Assiniboia for asking this question. I should have given this information sooner. The total mileage of the trans-Canada highway in the nine provinces, including Newfoundland, is 4,491, and the grading contracts approved to date—this was up until April 27; I have had the figures changed three times waiting for this bill to come up—amounts to 3,317. Grading contracts completed add up to 3,068 miles. Paving work approved for construction amounts to 2,617 miles, and paving work completed to 2,373 miles. I may say that 800 miles of the designated trans-Canada highway route was paved prior to the act being passed and, of course, that distance is not included in the figures I have given. The total value of the work approved for construction up until April 23 was $562.6 million of which Canada's share is $335 million. Total payments to date by the dominion government amount to $260 million. This amount has been paid on provincial claims in respect of work undertaken and completed.

In reply to the hon. gentleman as to the amount of work completed, does he want this information with respect to each of the nine provinces?

Mr. Argue: Yes, Mr. Chairman.

[Mr. Argue.]

Mr. Walker: If I can get the consent of the committee, I shall be very happy to have appended to *Hansard*, if possible, supplementary tables indicating, first, the length of the highway by provinces; second, the grading contracts; third, the paving construction for each of the provinces; fourth, the structures built; fifth, a summary of the contractual commitments; and, sixth, a summary of Canada's commitments for the additional 40 per cent contribution arranged in 1956 and the payments made. Could I have the approval of the committee to have them printed?

Mr. Argue: For what date?

Mr. Walker: Up to April 23. Some of them are just up to March 31, but most of them are to April 23, 1960.

Some hon. Members: Agreed.

The Chairman: Order. I think I have already indicated that if the minister asks for permission to have them printed at this point in his speech, the committee would have authority to give that permission. But if the minister asks that these documents be printed as an appendix, it would be necessary for him to ask permission from the Speaker when he resumes the chair.

Mr. Walker: I would appreciate if they could be printed as part of my speech because it would save a great deal of time; otherwise we would be getting quite confused.

The Chairman: Does the committee consent to having the documents printed at this point in the minister's speech?

Some hon. Members: Agreed.

[*Editor's note: The tables referred to are as follows:*]

SUPPLEMENTARY TABLES

Index

Table 1 — Length of highway by province	
Table 2 — Grading construction	10 December 1949 to 31 March 1960
Table 3 — Paving construction	10 December 1949 to 31 March 1960
Table 4 — Structures	10 December 1949 to 31 March 1960
Table 5 — Summary of contractual commitments	10 December 1949 to 23 April 1960
Table 6 — Summary of Canada's commitments for additional 40 per cent contributions and payments made	10 December 1949 to 23 April 1960

Trans-Canada Highway Act

TABLE 1

Length of Highway by Provinces

Newfoundland	554 Miles
Prince Edward Island	71 "
Nova Scotia	318 "
New Brunswick	390 "
Ontario	1,453 "
Manitoba	309 "
Saskatchewan	406 "
Alberta	282 "
British Columbia	568 "
National Parks	
Terra Nova	25 "
Banff-Yoho	80 "
Glacier-Revelstoke	35 "
	4,491 Miles

TABLE 2

GRADING CONSTRUCTION

10 December, 1949 to 31 March, 1960

Province	Miles of Grading Contracts Approved	Mileage Completed
Newfoundland	375	288
Prince Edward Island	71	71
Nova Scotia	119	118
New Brunswick	190	181
Ontario	957	872
Manitoba	250	245
Saskatchewan	406	406
Alberta	281	280
British Columbia	528	477
National Parks		
Terra Nova	25	25
Banff-Yoho	80	80
Glacier-Revelstoke	35	25
Total	3,317	3,068

TABLE 3

PAVING CONSTRUCTION

10 December 1949 to 31 March 1960

Province	Miles of Paving Contracts Approved	Mileage Completed
Newfoundland	108	63
Prince Edward Island	71	71
Nova Scotia	80	34
New Brunswick	142	133
Ontario	775	650
Manitoba	297	297
Saskatchewan	406	406
Alberta	281	278
British Columbia	377	361
National Parks		
Terra Nova	—	—
Banff-Yoho	80	80
Glacier-Revelstoke	—	—
Total	2,617	2,373

NOTE: In addition to the 2,373 miles of completed pavement, there are approximately 800 miles of pavement completed prior to December 1949, on the designated route. Reconstruction of this mileage will depend on provincial planning and ability to finance.

TABLE 4

STRUCTURES

10 December 1949 to 31 March 1960

Province	Structures approved	Structures completed
Newfoundland	40	36
Prince Edward Island	5	4
Nova Scotia	28	24
New Brunswick	35	21
Ontario	126	98
Manitoba	38	35
Saskatchewan	15	15
Alberta	38	36
British Columbia	90	71
National Parks		
Terra Nova	4	4
Banff-Yoho	24	24
Glacier-Revelstoke	11	3
Total	454	371

TABLE 5

SUMMARY OF CONTRACTUAL COMMITMENTS

December 10, 1949 to April 23, 1960

Province	Total Commitment Approved $	Canada's Share Incl. Additional 40 per cent $	Canada's Share Paid to Date $
Newfoundland	38,983,940.80	24,639,646.17	19,724,201.09
P.E.I.	9,101,695.78	5,881,243.00	4,979,962.09
Nova Scotia	22,301,424.21	16,009,074.10	10,395,086.92
New Brunswick	51,090,002.91	33,759,647.41	30,153,094.95
Quebec	—	—	—
Ontario	180,182,229.50	104,207,489.72	75,589,390.59
Manitoba	33,140,701.15	18,887,186.58	16,383,318.99
Saskatchewan	27,837,759.07	15,904,024.55	15,252,461.19
Alberta	37,022,807.57	22,142,805.16	20,559,000.98
British Columbia	162,921,828.86	93,914,632.62	66,939,901.30
Totals	$562,582,389.85	$335,345,749.31	$259,976,418.10

Trans-Canada Highway Act

TABLE 6

Summary of Canada's Commitments for Additional 40 per cent contributions and payments made December 10, 1949 to April 23, 1960.

Province	Additional 40 per cent Commitments	Payments Made
Newfoundland	5,147,675.77	3,705,076.37
Prince Edward Island	1,330,395.11	803,769.40
Nova Scotia	4,858,362.00	2,539,795.86
New Brunswick	8,214,645.96	7,591,657.42
Ontario	14,116,375.00	8,826,868.76
Manitoba	2,316,836.00	1,832,103.14
Saskatchewan	1,985,145.00	1,835,013.57
Alberta	3,631,401.37	2,894,120.01
British Columbia	12,453,718.20	7,746,670.58
Totals	$54,054,554.41	$37,775,075.11

Mr. Walker: Does my hon. friend want the provinces broken down for the grading construction or the final stage, paving construction?

Mr. Argue: The figures I should like to have would be figures comparable to those given in table No. 1 in the annual report. The minister should have that report available. On page 4, in the third column, is shown the paved mileage. If we had the paved mileage brought up to date I think it would give the committee in a very brief way some indication of the extent to which the highway has been completed in each province and what progress has been made.

Mr. Walker: I shall be glad to do that. However, I want to say this. I know that the hon. member for Assiniboia appreciates the fact that the greatest problem we have is to get into a position to grade it. Once you have it graded, of course you can travel over it. But I shall give you the paving construction which, of course, is not nearly as great as the grading. In Newfoundland: miles of paving, contract approved and mileage completed, 108 miles approved, 63 miles completed; Prince Edward Island, 71 miles approved, 71 miles completed; Nova Scotia, 80 miles approved, 34 miles completed; New Brunswick, 142 miles approved, 133 miles completed; Ontario, 775 miles approved, 650 miles completed; Manitoba, 297 miles approved, 297 miles completed; Saskatchewan, 406 miles approved, 406 miles completed; Alberta, 281 miles approved, 278 miles completed; British Columbia, 377 miles approved and 361 miles completed.

Just in order to give a comparison, may I say that as to grading the figures for Ontario are 957 miles approved, 872 miles completed; for British Columbia, 528 miles approved, 477 miles completed. In Newfoundland, because of the fondness I have for all the people in that province I am very happy to say that you can go right across the trans-Canada highway from sea to sea. At the present time I will admit, with other hon. members, that it is not too good. However, 375 miles have been approved for grading and 288 miles have been completed.

Mr. Argue: Has the minister the totals for the various figures he has given?

Mr. Walker: Yes. For the provinces the total mileage approved for grading is 3,317 and the mileage of grading completed is 3,068 as compared with paving; the number of miles of paving for which contracts have been approved is 2,617 and the mileage completed is 2,373. I should say that to this figure we must add the 800 miles which are included in the highway but which were done prior to the act.

Mr. Herridge: I should like to ask the minister where the most expensive mileage in the whole trans-Canada highway has been undertaken and whether, in going through the Kicking Horse pass region at Revelstoke and particularly through the parks, it was found necessary on occasion to change the type of construction from that which was originally intended or to modify it on account of possible snow slides and the nature of the rock.

Mr. Walker: As the hon. member for Kootenay West, the squire of the house, knows,—and I am sure he does not mind my saying that—his province has had the most expensive mileage. But there are parts of Ontario where there are tremendous problems with regard to bridges, grading and so on; this construction has also been very expensive. But in all the provinces, with the exception of the prairie provinces, there is some point where the construction is very expensive. The hon. member has asked where would be found the most expensive mileage; not the total number of miles, but the mileage. That would be British Columbia, I am advised, with Ontario running fairly close. Newfoundland is also well up.

Mr. Tucker: I wonder whether the minister could advise the house whether the 25 miles through the national park is included in the 108 miles in Newfoundland?

Mr. Walker: No; I am happy to say that is extra. The amount of the cost of building that mileage, which was a very good sum, is not included in our figures. It has nothing to do with the Trans-Canada Highway Act expenditures.

Mr. Brassard (Lapointe): I have a couple of questions to ask of the minister. Is it still an obligation on the part of every province participating in the trans-Canada highway

[The Chairman.]

scheme to call for public tenders with regard to the construction works on the roads? That is my first question. My second question is this. Is there still a provision calling for some kind of supervision of the work by federal representatives? My last question is this. If so, in view of the fact that lately the premier of Quebec has led the people of Quebec to believe that his late government was about to adhere to the federal plan, is it the intention of the federal government to amend the act with a view to removing those two obstacles for Quebec?

Mr. Walker: What was the third question? I will ask the hon. member what it was when I come to it. I could not grasp that question about Quebec.

In reply to my hon. friend's first question, may I say that the system, of course, is public tender open to all bidders and on the principle that low tenderer gets the contract. In some isolated parts of the provinces—principally Newfoundland—there are areas where it is not practical to have a public tender on certain local matters, where there is some day labour. I think that has been principally in Newfoundland. I am told that it is not just confined to Newfoundland. There are other provinces where locations are out of the way, where a public tender would be useless for small parts of the highway, but the general principle is public tender.

As to the second question, my hon. friend is quite right in his suggestion that there is careful federal supervision. Each area is constantly inspected. Before any payment whatever can be made on any part of the highway by the dominion to the provinces, a federal inspector, of course, must approve it. What was the third question?

Mr. Brassard (Lapointe): The minister's reply was so polite that I do not intend to ask my third question.

Mr. Argue: Can the minister give us the total mileage that was finished in 1959? The minister has said that the total mileage paved to date up to the trans-Canada standard was 2,373 miles. I should like a comparable figure for a year ago.

Mr. Walker: I have here the report that my friend was reading from, the report of proceedings under the Trans-Canada Highway Act for the fiscal year ended March 31, 1959. The paving constructed up to the end of March, which was a little more than a year ago, or the paving contracts approved numbered 353 and the miles completed were 396. There must be a mistake there.

Mr. Chevrier: The minister is not surprised.

Mr. Walker: In the calendar year 1959 the number of miles approved amounted to 421 and the number completed was 270 miles.

Mr. Argue: This gives us a very adequate picture of the progress that has been made to date. The minister has already said that of some 4,491 miles, 2,373 miles have been paved to trans-Canada standards to date. Another 800 miles have been paved, I understand, to somewhat lower provincial standards. On the basis of the mileage of road paved to trans-Canada standards, after 11 years of operation we have just over half of the total mileage paved. If one adds in the mileage paved to the lower standards we still have some 1,300 miles or so yet to be paved. I suggest that at this rate we shall be lucky if we are half way through by way of time of construction of the trans-Canada highway across this nation by 1963, and in this I am making no reference at all to the province of Quebec. For a nation like ours to take 11 years to construct approximately 50 per cent of the mileage to standard is far too slow.

I suggest to the minister that the government should have a new look at the trans-Canada highway program, and the problem that it is endeavouring to solve. I suggest that now is the time that the government, as a government, should do some of the things necessary to speed up construction, to make more money available to the provinces so that this highway can be completed and in use before too many more years go by.

I hope I am pessimistic; I mean, I hope I am too pessimistic, I hope my pessimism is not borne out by events, but it looks to me as if we shall be back in parliament a few years from now considering a further extension of this act because with the leadership, or the lack of leadership, I should say, given to this problem by the federal government I see little hope of a completed trans-Canada highway being available to Canadians even as late as the end of 1963.

Mr. Bigg: Nonsense.

Mr. Argue: I suggest to the government—

Mr. Bigg: Utter nonsense.

Mr. Argue: That is the limit of the contribution of my hon. friend over there, an interjection inaudible to most hon. members.

Mr. Bigg: I said it was utter nonsense.

Mr. Argue: I ask the minister whether he feels that there is any real possibility of this highway being completed by December, 1963, at the rate it is now being constructed? Will he comment on the possibility of some agreement being made with the province of Quebec? I would appreciate very much

his doing that. I would like him to be as specific as he can and tell the house what conversations or consultations he has had with the various provinces that have not yet completed their section of the trans-Canada highway in order that he may give parliament and the nation the information that is available to him as to how long we shall have to wait before we can expect this greatly needed highway to be completed.

Mr. Walker: I thank the hon. member for these pertinent questions. My answer is this. When the hon. member is away from the house making political speeches—and as the leader of that party I think he should do that—I shall be grateful to have his assistance in whatever province he goes in stirring them up and encouraging them to complete their particular part of the highway. After all, we can only do that. We have opened up this offer and we say, "Now here it is, boys; we will pay you when you deliver." We pay them as soon as they deliver, and all I can tell my hon. friend in reply to his inquiry as to whether or not this highway will be completed by the end of 1963 is that the plans of each of the provinces, with the exception of Newfoundland, call for the completion of its share of the highway before 1963.

Before coming to this house with this legislation we had our departmental inspectors right across the country make inquiries as to that and that is why we were able to come to the house and make the proposition that we make tonight. I must admit, however, that we are relying on the information that we have from the provinces. In view of the enthusiasm of my hon. friend and other members, I am sure they will encourage the provinces to complete their own program by the end of 1963.

Mr. Herridge: The minister mentioned the fact that as soon as the provinces delivered the goods in connection with the construction of their portion of the highway they were paid. I have not the newspaper clipping here—I intended to have it with me; I overlooked it—but quite recently I read in a newspaper report a statement by Premier Bennett of British Columbia in which, if I am correct, he complained about the delay in payments being made to the provincial government on account of the trans-Canada highway. Can the minister inform the committee whether there has been any delay?

Mr. Walker: I might say that when I said that as soon as they completed it we paid them, I meant that we do not pay them until we are satisfied that they have completed their share of the highway in accordance with the standards laid down in the trans-Canada highway agreement. They are strict standards, of course,

As far as Premier Bennett is concerned, I do not know what he has said recently but I saw his inimitable minister of highways less than a week ago and if he had any complaints I am sure that in our hour-long interview he would have mentioned them. He did not utter a word of complaint.

Mr. Bourget: If, for instance, the province of Quebec were to decide to take part in this program, would it be entitled to receive 50 per cent of the cost of the road built between 1928 and 1949? Would the act that we have now and the amendments that were passed in 1956 entitle the province of Quebec to receive 50 per cent of the cost of the road built between 1928 and 1949?

Mr. Walker: As I told the hon. member for Levis a short time ago, I am not the Minister of Justice; I am just the Minister of Public Works and I am not going to embroil myself or the government.

Mr. Chevrier: Is the Minister of Justice in the house?

Mr. Walker: The hon. member may ask him if he wishes. He is a very able minister. I have always looked up to him and to serve under him was a great pleasure. But my reply to that would be that my hon. friend has asked a hypothetical question and I know that under all the circumstances he would not expect me to be able to reply at this time. Never having had the matter presented to me before, never having contemplated it, never having had any request except from my hon. friend this afternoon and from a few others at the resolution stage, I have never gone into the matter and I am unable to give the hon. member a reply.

Mr. Bourget: I am most surprised because a year ago I think the minister was recognized as one of the best lawyers in Canada when he was the prosecutor in a committee.

Mr. Walker: I know you thought so but I do not think everyone did.

Mr. Chevrier: I certainly did not.

Mr. Bourget: Nevertheless I think that the minister as a lawyer and having beside him the Minister of Justice should be able to answer this very simple question. I simply ask him this question. If the province of Quebec decided today to take part in this program would the province of Quebec be entitled to receive 50 per cent of the cost of work done previously from 1928 to 1949 and recognized by the federal government? That is what I should like to know.

An hon. Member: It is hypothetical.

Mr. Bourget: It is not. Surely we are entitled to receive that information because we have read in the newspapers that Quebec may take part in the program. Surely the people of Quebec are interested in knowing what they can get and what they cannot get. It is a very simple question.

Mr. Walker: I am under strict instructions from the Chairman to keep in order and he has declared this discussion out of order. On this occasion all I am interested in is an additional $50 million and three years more to complete the highway. At the moment the plan concerns nine provinces. My job tonight is to get the bill through as it stands at present and with the present participants in the plan. With the greatest respect, as the humble Minister of Public Works I do not think you should ask me a question like that. I am burdened with cares. I have not only public works with all the problems that are involved there but I have Central Mortgage and Housing Corporation and the national capital commission and now I am chairman of a Hull-Ottawa bridge project.

Mr. Bourget: After all, Mr. Chairman, the minister is a lawyer, he has been Minister of Public Works for some months and he has beside him the Minister of Justice. These are the men who had all the answers in the elections of 1957 and 1958 but the minister cannot even answer a simple question. Surely it is a simple question.

The Chairman: Order. May I point out to the hon. member that one way or the other the amendments to the act which we are studying do not relate at all to the question he has put.

Mr. Bourget: Mr. Chairman—

Mr. Argue: On the point of order, Mr. Chairman—

An hon. Member: Here is the expert.

Mr. Argue: —as I understand the situation, this is a measure brought before the House of Commons to make provision for a trans-Canada highway and not to discriminate in any way against the province of Quebec. I will be greatly surprised if the province of Quebec has not equal rights under confederation with those of any other province so far as this act is concerned. I suggest that it is very much in order and very pertinent for the hon. member for Levis to ask whether or not the terms of this act, as now applied to nine provinces, are available to the province of Quebec and, if so, if this money would be applied on construction prior to 1949 in exactly the same way as was done with the other nine provinces. I suggest it is a fair and proper question and that the house is entitled to an answer.

Mr. Grafftey: Where is the member for Port Arthur?

Mr. Herridge: Mr. Chairman, I should like to address another question or two to the overburdened Minister of Public Works. I wish I had brought the newspaper with me but in reading the newspapers lately it has been interesting to note that the minister of highways of British Columbia, Mr. Philip Gaglardi, came to Ottawa and had a discussion with the Minister of Public Works since our discussion of this measure at the resolution stage. My curiosity has really been aroused in view of the caustic comments about the federal government in connection with the trans-Canada highway that have appeared in the press of British Columbia. Would the minister be able to report to the committee any of his conversation with the minister of highways and tell us whether the minister expressed severe dissatisfaction with the conduct of the government in this respect?

Mr. Walker: It is very good of the hon. member to have such consideration for me and the comments I have made. I had a very pleasant interview of over an hour with the minister of highways of British Columbia. He told me in parting that he had thoroughly enjoyed himself, that I had answered some questions and that he would like to be in the same party as myself. That was an invitation for me to join the Social Credit party and he did not offer to join the Conservatives. We had a very pleasant time and the only time that I had to say no was to his suggestion that I should amend what I had said in the house with regard to a second trans-Canada highway. I had to tell him, of course, that that was a question of government policy and, like the hon. member for Bonavista-Twillingate, we did not feel that this was the time to contemplate a second trans-Canada highway or even to consider it when we are so far from completion of the first trans-Canada highway.

He was disappointed because he said they had a program in British Columbia and would like to chisel in on the federal government for some more funds. I asked him if he got more funds would he still take credit for all the highways that were built with federal money? Signs have been put up all over indicating that highways have been built by the provincial government and Mr. Gaglardi's name is prominently displayed at the bottom of these signs. All in all, it was a very pleasant visit, but although we have

made fantastic monetary contributions to the province of British Columbia so far for their part of the trans-Canada highway, not only have we received no thanks but we have received no recognition. One would think that the federal government, and I include the former government as well, had made no contributions to British Columbia whereas that province is the second greatest recipient. The sum of $162 million has been approved and, including the additional 40 per cent, $93 million has already been paid. We have paid them $66,939,901, and I would ask the hon. member if he can find anybody in the whole province of British Columbia who realizes that the federal government has paid a cent.

Mr. Chevrier: Mr. Chairman, I am surprised that the minister would not hesitate to deal with a question concerning the province of British Columbia but would consider another question, that asked by the hon. member for Levis, as being hypothetical. May I suggest to him that the question was not hypothetical because a former premier of the province of Quebec indicated an agreement could be forthcoming and the present premier has given his views in no uncertain terms in connection with the matter. So I suggest to the minister that the question is not at all hypothetical. While the minister has been very good at giving evasive answers, let me tell him that I think the committee is entitled to more than evasive answers in connection with a matter of this kind. I do not see why the minister will not make an honest attempt to answer the question put by the hon. member for Levis.

Mr. Walker: Mr. Chairman, I will try to make an honest attempt and I thank my hon. friend for making that reference. My hon. friend has drawn a long bow and is trying to make a comparison where there is none. There is no comparison between the situation in British Columbia and the situation in Quebec. British Columbia is now, and has been, a signatory to the Trans-Canada Highway Act and is under contract with the dominion government. I was able to talk with their minister on a subject which exists, namely the contract between the dominion and the province.

The province of Quebec is not a participant. There is no contract existing between the federal government and the province of Quebec. For my part, I have neither seen nor heard from any minister in the province of Quebec in connection with this matter. My hon. friend, who is an astute lawyer and a much more astute politician, I think can appreciate that it would be folly for me to attempt a positive answer to something which must be completely hypothetical because the terms of any contract which might be entered into with the province of Quebec are something which I could not even contemplate at the present time, and something which has not been given any consideration by me. I do not intend, for the purpose of satisfying my friend, to inject another political issue into the provincial election coming up in Quebec next month and to commit myself on something about which I have no information.

Mr. Bourget: I am quite sure that the minister is very wrong. I asked a question, and I can assure the minister I am right. I am giving him my word, as a member of this house, that I had no political aspects in mind.

Mr. Walker: I accept my friend's word.

Mr. Bourget: I am only asking a very reasonable question, Mr. Chairman. I feel that tomorrow, when the minister reads my question, he will request this information from the Department of Justice. If the Minister of Justice is not capable of giving me an answer tonight, I am sure he will ask his deputy ministers tomorrow whether or not my question is a logical and honest one.

Mr. Fulton: The only answer I will get will be that it is neither.

Mr. Bourget: Are we going to get the brush-off like that? I am asking the minister if Quebec should decide today—

Mr. Grafftey: Hypothetical.

Mr. Anderson: On a point of order, Mr. Chairman—

Mr. Bourget: I am asking if Quebec—

Mr. Anderson: On a point of order, Mr. Chairman; have you not ruled that this question is out of order?

Mr. Bourget: I am going to pursue that for two days.

Mr. Chevrier: On the point of order, Mr. Chairman; I did not understand your ruling to be that the question was out of order. I think your ruling had to do with the fact that we were discussing clause 1 and that, under that clause, a specific question such as that put by the hon. member, although not that particular one, was not in order. The hon. member for Assiniboia, and I think rightly, drew to your attention the fact that it is clearly set out here that this amendment would extend for three years the period during which contributions or payments may be made to the provinces—

An hon. Member: Participating provinces.

Mr. Chevrier: It does not say "participating provinces", it says "provinces", and that being the case it would appear to me that questions are in order about a province which is not a participant. It is for that reason I submit that the point of order was well taken and that the question is in order.

Mr. Anderson: The chairman has already ruled it irrelevant to the subject.

The Chairman: I mentioned that it was my feeling this question was not relevant to the bill. However, the question has been put and it seems the problem now is that it is becoming repetitive and, for that reason, might be out of order.

Mr. Argue: The answer was not satisfactory.

The Chairman: A question cannot be put again and again merely because the answer is not satisfactory. Therefore, I think the rule must be invoked when a member repeats a question.

Mr. Bourget: I want to appeal to you personally, Mr. Chairman, because you come, as I do, from Quebec, and if you would allow me just a minute or two I would explain my case. You know, and the minister knows—

Mr. Walker: Mr. Chairman—

Mr. Bourget: Just let me speak. You have said that you are a plumber, now do not show it. Let me explain. Mr. Sauve said before he died that he was studying the question of taking part in the trans-Canada highway because, as he declared, it was not so much a constitutional question as it was a question of business. This leads us to believe that Quebec, even with a Union Nationale government, may take part in that program. Is it a hypothetical question to ask, then, if Quebec—

Mr. Grafftey: If?

Mr. Bourget: Yes, if; we have to put so many "ifs" in a question when we have a Union Nationale government in the province of Quebec.

Mr. Grafftey: Lesage will be proud of you.

Mr. Bourget: I am asking the minister, and I think it is a fair question as he will realize, if Quebec decided to take part, let us say within two or three months—

Mr. Grafftey: It is a hypothetical question.

Mr. Bourget: Never mind the hypothetical; if Quebec were, within the next two or three months, to take part in the trans-Canada highway would the province of Quebec, according to the act passed in 1949 and the amendment passed in 1956, without amending the act as it is be entitled to receive 50 per cent of the cost of the route built between 1928 and 1949, to which the other provinces were entitled before the amendments of 1956? I believe that is a fair and reasonable question.

I think you will admit, Mr. Chairman, that I am in order and I am entitled as a member of parliament to an answer. If the minister is not ready now, would he be kind enough to look into it and give me an answer tomorrow?

Mr. Walker: It is almost ten o'clock. May I say to my friend—first, may I ask him a question. Did he know that a provincial election had been called for the twenty second of June?

Mr. Bourget: Yes, I know that, just as you know.

Mr. Walker: May I say that my friend became so involved, and since he has a couple of minutes to go I would ask him to be good enough to repeat his question?

Mr. Chevrier: Mr. Chairman, on a point of order; I think that reply by the minister is not worthy of him, particularly the first part of the reply. After all, a minister—

Some hon. Members: Ten o'clock.

Mr. Chevrier: A point of order; I am speaking to a point of order.

An hon. Member: What point of order is this?

Mr. Walker: Mr. Chairman, may I ask that you call it ten o'clock?

Mr. Chevrier: I have a right to speak to a point of order, nevertheless, and the point of order is this: When a minister comes before the committee seeking funds he should not take the high-handed attitude that the Minister of Public Works has taken all evening.

The Chairman: I do not think it is necessary to decide whether or not we have a point of order because it is ten o'clock and I shall have to rise, report progress and request leave to sit again at the next sitting of the house.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the acting house leader what the business is for tomorrow and whether there is any change in the

announcement made for Monday and Tuesday, and the item for Wednesday?

Mr. Brooks: There is no change so far as the business for tomorrow is concerned: it will be the agricultural estimates. On Monday and Tuesday there is the motion to go into supply.

Mr. Argue: What is first tomorrow? The estimates?

Mr. Brooks: The estimates are the first item tomorrow.

Mr. Chevrier: May I ask, do we go back to the provincial tax-sharing agreement on Wednesday, as announced?

Mr. Brooks: That will be announced on Monday night.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

JUDGES OVER 75

Question No. 230—**Mr. Benidickson:**

1. Are any judges of superior, district and county courts over the age of 75 years? If so, how many?
2. Have any complaints been received by the Minister of Justice from (a) provincial attorneys general; (b) other sources, regarding the work of judges over 75 years?
3. If so, what steps has the Minister of Justice taken to remedy such complaints?
4. Have complaints received been greater respecting judges over 75 years of age than respecting judges over 70 and under 75 years?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

1. Yes, fourteen.
2. No.
3. N/A.
4. No.

Questions

BRUCELLOSIS-FREE AREAS

Question No. 347—**Mr. Boulanger:**

1. How many counties or districts in each province of Canada are at present certified as being brucellosis-free areas?
2. What counties or districts in the province of Quebec are so certified?
3. How many applications are pending in the province of Quebec?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

1. Brucellosis certified areas in Canada to date:

Prince Edward Island, 3; Nova Scotia, 13; New Brunswick, 12; Quebec, 8; Ontario, 19; Manitoba, 10; Saskatchewan, 37; Alberta, 0; British Columbia, 4; Yukon, 1.

2. Brucellosis certified areas in Quebec:

Counties of Argenteuil, Beauharnois, Chateauguay, Huntingdon, Pontiac, Soulanges, Two Mountains, Vaudreuil.

3. Twenty two areas in Quebec have been accepted under the brucellosis control area regulations. (Testing is under way in 12 areas.)

HOUSE OF COMMONS

Friday, April 29, 1960

The house met at 11 a.m.

NATIONAL DEFENCE

BOMARC MISSILE—REPORTED U.S. INTENTION TO TERMINATE PROGRAM

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of National Defence whether he has any comment to make on the report which has just been received from Washington that the house appropriations committee of the United States congress has now recommended the termination of the Bomarc missile program and also its replacement in part at least by the purchase of more interceptor fighters.

Hon. G. R. Pearkes (Minister of National Defence): Yes, Mr. Speaker, I understand that the appropriations committee of the United States senate reported today that they were recommending that the Bomarc B production be eliminated, that a small development program be continued, and that the funds be used for the purchase of more F-106 interceptor aircraft. This is a recommendation, of course, by the appropriations committee which has yet to receive the approval of the senate and the administration. If this recommendation is approved and made final then it will not be in keeping with the arrangements which were made over a year ago between our two countries for the air defence of this continent.

Mr. Pearson: Mr. Speaker, may I ask the minister a supplementary or at least a related question. Would the minister comment on the statement he is reported to have made in Victoria last week that—and I quote from the press statement—

> —we will have to have interceptors to engage bombers at greater distances. There will have to be longer range interceptors than we have at present—and longer than the range of the Bomarc.

Mr. Pearkes: Yes, Mr. Speaker. I was alluding then to the weapon which is known as the Skybolt, namely an air to ground weapon which can be guided from an aircraft for some considerable distance, perhaps a distance of 1,000 miles or more. I said that if such a weapon were produced—the Skybolt cannot be produced until 1965, but if Russia or any other country produced such a weapon —in order to engage it our defences would have to have a ground to air missile or interceptor with a longer range than any we have at the present time. If I am quoted as saying "we" that, of course, means that I was referring to the west, not necessarily to Canada.

[*Later:*]

Mr. W. M. Benidickson (Kenora-Rainy River): I should like to direct a question to the Minister of National Defence. I wonder if the minister would comment on a statement made by a member of the subcommittee on defence appropriations in the United States, who said that the only reason for not terminating the entire Bomarc program earlier was political implications in Canada.

Mr. Pearkes: I should think that is quite an inaccurate statement. As the hon. member knows, Canada entered into an arrangement with the United States to take certain measures for the defence of the North American continent. We have co-operated with the United States in fulfilment of that agreement, carrying out step by step the various points which were agreed upon at that time. Bomarc sites were part of that agreement. We were to establish two Bomarc sites, one at North Bay and one at La Macaza. We have been proceeding with the selection and surveying of those sites and the necessary planning and engineering which is required. Major construction has not yet started, but we are in a position to start such construction if the plan is to continue. However, I know of no political implications which would justify a congressman or a senator in the United States in making a statement such as that which has been attributed to him.

Mr. Pearson: May I ask the minister a supplementary question. Has he any comment to make on the statement of the same congressman, "I would rather be a congressman from Cuba this week than secretary of defence in Canada"?

Mr. Speaker: Order. I think we are getting rather far afield here in asking the Minister of National Defence to comment on the views of a congressman. After all, that is not part of his ministerial responsibility. Unless there is a question of fact involved I would suggest that the matter be dropped.

Inquiries of the Ministry

IMMIGRATION

INQUIRY AS TO REVISION OF POLICY AND PROCEDURES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Citizenship and Immigration. I do not ask the question with any intention of embarrassing her. In view of the statement in this house on February 17, 1955 by the present Prime Minister (Mr. Diefenbaker), as follows:

> What a travesty of justice it is that the immigration department should refuse a person admission to Canada and refuse to let the individual know their reasons for making a decision—

And in view of a similar position taken by the present Minister of Justice (Mr. Fulton), on August 8, 1956 in this house, will the minister inform the house whether she is giving consideration to a revision of immigration policy and procedures in order to conform to the views expressed by her distinguished colleagues?

Mr. Speaker: Order. I allowed the hon. member to continue with his question although it seemed to me as he went along that he was really making an argument rather than putting a question. Then he finished with a request for information on a rather broad matter of policy. I do not think that is the type of question the hon. member should be asking on the orders of the day.

Mr. Herridge: I was basing my question on a newspaper comment. That is very common practice in seeking information.

Mr. Speaker: It was not the source of the question but the substance of what the hon. member said that I was referring to.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the hon. lady a question. Has the government yet reached a decision as to whether the amendments to the Immigration Act that we were promised two sessions ago will be introduced at this session?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I am sorry I have to say no to that question. I had hoped, as the hon. member knows and as other hon. members know, to have brought in those amendments before now, but no one knows better than the hon. member just how complex are the problems which must be faced. I am sorry to say we have not yet reached a definite conclusion.

Mr. Pickersgill: May I ask a supplementary question. Does the hon. lady think the problem less urgent now than in 1958?

[Mr. Speaker.]

Mrs. Fairclough: No, Mr. Speaker; I think it is urgent.

EXTERNAL AFFAIRS

DISARMAMENT—STATEMENT ON PROPOSED INTERNATIONAL POLICE FORCE

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): Yesterday the Leader of the Opposition (Mr. Pearson) asked a question based upon a New York *Times* report of a speech made by General Burns in the ten nation disarmament committee. The Leader of the Opposition will understand why, because of the confidential nature of the negotiations, it is not possible to give a detailed reply. However, I might say that the wording of his question suggests that he understood from the new York *Times* account of General Burns' statement that some new proposal had been put forward.

This was not the case. General Burns was simply reverting to a point of considerable importance which has been a continuing source of difficulty between the two sides in these negotiations since the very beginning that is, the question of whether international security machinery will be required to maintain peace in the world when the final stages of disarmament have been completed.

The western side has consistently maintained that some machinery—which has been frequently described in the press as an "international police force"—would be required; the Soviet side has argued that there would be no need for machinery of this sort. This is one of several important unresolved difficulties which have impeded progress in the opening stages of the negotiations.

TRADE

URANIUM—INQUIRY AS TO COMPETITION FROM AUSTRALIA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): In the absence of the Minister of Trade and Commerce perhaps I might ask the Acting Prime Minister, although I know he is preoccupied with other matters today, whether the government has any comment to make on the likelihood of increased competition to the Canadian uranium industry from Australia due to new government plans for financial assistance to the industry in that country, either through subsidies or stockpiling?

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, my colleague the Minister of Trade and Commerce will be

present at the next sitting of the house. I think it appropriate that the answer to this question be given to the house on his return.

URANIUM—REQUEST FOR COMMENT ON EFFECT OF INCREASED U.S. PRODUCTION

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to ask the Acting Prime Minister a question. At the same time he draws the attention of the Minister of Trade and Commerce to the question of the Leader of the Opposition, will he also ask the Minister of Trade and Commerce to expand and clarify his remarks made earlier this session with respect to the refusal of United States authorities to grant any extension of options to purchase Canadian uranium by commenting on the figures released yesterday showing that United States production of uranium has increased since that date?

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, I did observe that these figures appeared in an announcement yesterday, and I will be glad to bring the observation of the hon. member to the attention of my colleague the Minister of Trade and Commerce.

PUBLIC SERVICE

HOUSE OF COMMONS—EXTENSION OF SALARY INCREASES TO MEMBERS' SECRETARIES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Acting Prime Minister. I apologize for not giving him notice, but I succumbed to the tearful entreaties of certain secretaries just prior to coming into the house and I am very subject to the influence of ladies in distress. Would the Acting Prime Minister assure the house that the secretaries attached to the House of Commons will receive the increases granted certain groups of civil servants, and that the same will be made retroactive?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I am happy to turn an attentive ear not only to the question of the hon. member but to the tearful entreaties of his secretary. In this we are like-minded. The salaries established for members of the staff of the House of Commons are, of course, a matter that comes within the jurisdiction of the commissioners of internal economy. Mr. Speaker has called a meeting of the commissioners to be held next week. I do not think I would be erring in the conjecture that this might be one of the subjects that would be brought before that meeting by Mr. Speaker. In any event, I indicated in reply to a question a fortnight ago that I fully anticipated it would be the wish of the commissioners to make effective, with respect to the stenographic staff of the House of Commons, increases comparable to those that have been applied to the stenographic and clerical services in the civil service.

Mr. Winch: Will they be retroactive?

Mr. Herridge: I should like to correct a wrong impression that I believe the minister got from my question. This was not the complaint of an individual or of my secretary, but was a collective appeal.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder whether I might ask the minister a supplementary question. Is the minister one of the commissioners?

Mr. Fleming (Eglinton): Yes, Mr. Speaker, the minister is still one of the commissioners.

POST OFFICE DEPARTMENT

STATEMENT RESPECTING DISPOSAL OF U.S. COINS

On the orders of the day:

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, yesterday the hon. member for St. Denis and the hon. member for Ottawa West asked me certain questions regarding post office practices in the handling of United States coinage. I now have some further information. The question of whether to charge discount on United States coinage is one that has been left to the discretion of our individual district directors in the 14 postal districts of Canada. We have followed this principle so that in this matter, as in many other fields, the local post office practice could conform to general business practice in the area.

Thus, where United States coinage was generally being accepted at par by local merchants and was also being handed out as change at par by them, we have followed this practice. Naturally, if any patron happened to request Canadian coinage or objected to United States coins, he would be given Canadian coinage. This has caused no hardship to patrons, since United States coins were generally in circulation at par. I might add that where we accept United States coins at par, as we generally do across Canada in our 11,500 post offices, unless we used them as change in accordance with normal business practices we would be in danger of becoming the repository of all the United States coins in the area, and thus bearing the total exchange costs with respect to this type of money for the entire community.

Following the action of the Canadian Bankers' Association in discounting coinage when it was included in deposits, in some areas business firms generally began to discount United States coins received from their customers, and in one district of which I know, the Winnipeg district, our post offices were instructed by the district director to follow a similar practice.

However, in accordance with our standard instructions in such cases, the post offices were also instructed in the same memorandum that United States coins were not to be handed out to patrons but deposited in the banks. This practice is always followed by us whenever United States coins are discounted, so there may be no suggestion that we are accepting the money at a discount and then passing it out at face value and profiting thereby.

After about two weeks, when the general business practice in the Winnipeg area reverted to the acceptance of United States coins at par, we followed the same practice and discontinued discounting United States coins when received. Of course this whole question refers to United States coins, which are only a tiny portion of our normal handling of cash.

The best indication I can give hon. members of that fact is in the case of Winnipeg where, during a short period when United States coins were being discounted, and they of course were all deposited in the bank, we received in the Winnipeg stamp depot postal funds totalling $330,421, and of this only $150.05, one twentieth of one per cent, or $1 in $2,200 was in U.S. coins.

Mr. G. J. McIlraith (Ottawa West): I shall endeavour not to follow precedent and debate this subject but merely content myself with asking a question. My question is this. In view of the minister's explanation as a result of the question asked by my colleague the hon. member for St. Denis yesterday, how does he account for the fact that the earlier paragraph in the same directive to subpostmasters instructed them not to include United States coins in their deposits or remittances, presumably remittances to the main post offices, if they were of the same value and meant no loss to the public?

Mr. Hamilton (Notre Dame de Grace): Let me say first that I appreciate the practice followed by the hon. member for Ottawa West in asking a question and not debating the issue. I might point this out to the hon. member for St. Denis. The answer is quite simple, Mr. Speaker. As I pointed out, we are not desirous of becoming the repository for United States coins for the entire community. Since they are out in very tiny proportion, as I also pointed out in my answer, of our total cash, our normal practice, where we are not discounting them, is to use them as change and not include them in our deposits.

Mr. McIlraith: I should like to ask a further supplementary question, if I may. Why does the circular make reference to the fact that they are at a discount, and then instruct the postmasters in the local areas not to remit them to the central office but to pass them off on the public?

Mr. Hamilton (Notre Dame de Grace): Well, this is obvious, Mr. Speaker. We are, so far as I know—

Mr. McIlraith: You receive them.

Mr. Hamilton (Notre Dame de Grace): So far as I am concerned I like our people all down the line in the Post Office Department to be not only instructed what they are to do but to be given a reasonable explanation of why they are being asked to do it. In this particular case they were told that United States coins deposited in banks would be discounted. The post office people themselves were taking them in at par. They were instructed, therefore, whenever possible, not always but whenever possible, to pass them out at par as change.

Mr. McIlraith: Would the Postmaster General—

Mr. Speaker: Order. May I remind the hon. member that the post office estimates are second on the agenda, and there can be a full discussion of the matter when those estimates are being considered. I think there has been a fuller discussion than is necessary on the orders of the day.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Minister of Finance whether United States coins are legal tender in Canada.

Hon. Donald M. Fleming (Minister of Finance): They are not legal tender, Mr. Speaker. Of course in this free country anyone who does accept them in lieu of legal tender is entitled to do so, but he cannot be obliged to accept them as legal tender.

HOUSING

NEWFOUNDLAND—ST. JOHN'S LAND ASSEMBLY PROJECT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Minister without Portfolio whether he is in a position to make a

report on the proposed housing development in metropolitan St. John's, about which he made a public announcement some time ago?

Hon. W. J. Browne (Minister without Portfolio): I think this question would be more properly directed to the Minister of Public Works.

Mr. Pickersgill: Perhaps I could ask the parliamentary secretary to the Minister of Public Works whether he could enlighten us.

Mr. Y. R. Tassé (Parliamentary Secretary to the Minister of Public Works): In view of the unavoidable absence of the minister, I should like to take the question as notice.

REQUEST FOR REMOVAL OF RESTRICTIONS ON BUILDING

On the orders of the day:

Mr. J. R. Garland (Nipissing): In the absence of the Minister of Public Works I wonder if I might ask a question of the Minister of Finance in his dual capacity as Minister of Finance and Acting Prime Minister. In view of the statements made in this house, in particular on February 4, by the former minister of public works to the effect that the construction of 146,000 homes in 1958 created 400,000 jobs, will the government, with housing starts down now nearly 50 per cent, consider increasing the moneys available for direct lending already approved by parliament?

Mr. Speaker: Order. The hon. member asked a similar question yesterday which was really pressing for action rather than asking for information. I think he should not repeat every day the same demand that he wishes to make.

Mr. Garland: With great respect, Mr. Speaker, may I say that we are rapidly approaching the peak—

Mr. Speaker: Order. I am not disputing what the hon. member says. The point is that this is not the proper place to continue what is in effect a debate on the housing situation.

ROYAL CANADIAN MOUNTED POLICE

VANCOUVER—ALLEGED PHYSICAL BEATING OF CITIZEN

On the orders of the day:

Mr. J. R. Taylor (Vancouver-Burrard): I should like to direct a question to the Minister of Justice. Did the minister hear the news broadcast over a Vancouver radio station on Wednesday, April 27, or have the statements been brought to his attention relating to an alleged physical beating by the R.C.M.P. of a Vancouver citizen? If so, can the minister say whether the police officer entered the restaurant in question, removed the complainant who apparently had committed no offence, and in the ensuing scuffle broke his ribs?

Hon. E. D. Fulton (Minister of Justice): I did not hear that news broadcast so I cannot comment on it, beyond saying that I have received no report of any such incident and that if such an incident had taken place I would expect an immediate report. Furthermore, if the incident as alleged did take place the person who claimed he was thus maltreated would have a proper and, I imagine, immediate recourse to law.

In these circumstances, and in the absence of any report, I am in a position where I think I must say that as far as I know no such incident ever took place.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

1. Departmental administration, including advisory committee on agricultural services, $777,657.

Mr. Harkness: When the estimates of the Department of Agriculture were introduced in March, I made an introductory statement outlining some of the activities of this department and giving a general survey. I do not propose to make another such speech at the present time, but there is one matter which has caused some considerable concern, and I think I should take this opportunity—it is really the first I have had—to clear it up.

The need for this statement arises from a Canadian Press dispatch under a Washington dateline which appeared in nearly all our Canadian newspapers. The particular clipping I have is from the Montreal *Star* of Tuesday, April 19. This dispatch states:

> Opening of the St. Lawrence seaway has raised fears among some United States authorities that North American farm lands may be threatened with heavier invasion by foreign crop-damaging beetles, viruses, bugs and other pests and disease.
>
> One of these experts, recalling the devastating foot-and-mouth disease outbreak among Saskatchewan cattle eight years ago, told a congressional subcommittee that the Canadian government still is not alive to the full dangers of the new threat posed by heavier foreign shipping on the great lakes.
>
> In a report of subcommittee testimony published today, Donald Fletcher, executive secretary of the rust prevention association at Minneapolis, said the U.S. needs Canada's full co-operation in stepping up port inspection work to block foreign pests and disease.
>
> "I am sure we will get it," he said talking of Canadian co-operation, "but they just do not understand the dangerous possibility yet."

The report goes on to quote Mr. Fletcher as saying further:

> "Canada has the attitude that they are more interested in what is going out rather than what

is coming in. They are inspecting their ships for insects and diseases and have the proper sanitation of the grain going out. I have been at meetings attended by top quarantine people of Canada and their interest is definitely in the export trade. They fail to realize that they get some of these animal diseases and insect pests which may cause trouble to their producing areas."

I also have a clipping here of an editorial written on this subject. It is headed "Negligence in import inspection". Other editorials dealing with this question have been written.

I should like to assure the house that Mr. Fletcher is speaking, apparently, without being aware of the facts, and that there is no validity in the allegations he has made. I wish to outline what the actual situation is with regard to the prevention of disease and pests harmful to plant or animal life in Canada. We have in effect an extremely thorough inspection service to look after this matter, and I regret very much that a considerable number of people in Canada should have been perturbed and alarmed over this report which, as I say, has evidently been made without the gentleman concerned being aware of the facts.

The government, through the Department of Agriculture, has for many years been cognizant of the danger of introducing foreign animal and plant diseases and plant pests through foreign imports and foreign shipping. With respect to animal diseases, veterinary port officers have been maintained for many years at ocean ports.

Prior to the opening of the new St. Lawrence seaway, all foreign vessels entering the Lachine canal and existing waterways serving a route identical to the St. Lawrence seaway were boarded and examined by port officers operating under the provisions of the Animal Contagious Diseases Act.

With the development of the St. Lawrence seaway, it was recognized that the dangers of introducing foreign diseases would be increased. Fully one year ahead of the opening of the seaway negotiations were opened to establish a system of boarding and checking each vessel entering the new seaway. All vessels docking at Canadian ocean ports are boarded and all foreign garbage is either retained in enclosed containers on board the vessel or is removed and incinerated under the supervision of a departmental officer. All vessels arriving at or docking at the port of Montreal and entering the St. Lawrence seaway are required to have all garbage removed and incinerated under departmental supervision.

In addition, all vessels entering the St. Lawrence seaway are inspected for foreign meats included as ship's stores. Where such foreign meats are found they are sealed in the ship's locker with a departmental seal. The master of the vessel must sign a statement, available in 16 languages, that no garbage is to be dumped in Canadian waters.

An Animal Contagious Diseases Act certificate of clearance listing the foreign meats aboard, the government seal numbers on the locker, and the ports of call both Canadian and United States of the vessel within the St. Lawrence seaway and the great lakes is issued to the master. Copies of this certificate are forwarded by mail to the Canadian and United States port veterinarian for each port of call of the vessel. In the case of Canadian ports of call, the vessel is checked at each port to assure that departmental requirements are being met. Also, at certain designated Canadian great lakes ports garbage is removed and incinerated under supervision.

All this is required under the provisions of the Animal Contagious Diseases Act, and violators are subject to prosecution. While this entire operation at the entrance of the St. Lawrence seaway is carried on by Canadian government officers of the department's health of animals division, veterinary officers of the United States department of agriculture are kept informed, and the program was developed in consultation with them.

With respect to plant pests and plant diseases the department, through its plant protection division, has for many years maintained port inspection officers at all ocean-going ports. With the opening of the new St. Lawrence seaway, inspection under the Destructive Insect and Pest Act has been provided at all seaway ports where foreign plant cargoes are permitted to be off-loaded.

In addition to requiring import permits and closely checking each individual shipment of plant material, attention is paid to the general cargo for evidence of all insect pests. For the purposes of both the Animal Contagious Diseases Act and the Destructive Insect and Pest Act, departmental fumigation stations are maintained at Halifax, Nova Scotia; Saint John, New Brunswick; Quebec city and Montreal, Quebec. At other ports where fumigation services are needed, commercial fumigation units are used.

I thought it was desirable to make a fairly complete statement in connection with this matter in order to reassure Canadians who have been disturbed over this report. Particularly as it mentioned the foot-and-mouth outbreak in 1951, which caused a great deal of damage as far as the Canadian cattle and livestock industry generally is concerned. I should like to repeat that I regret very much that a statement of this kind was made without knowledge of the facts. I think our inspection service is as thorough and painstaking

as any which exists anywhere in the world. In fact most of the complaints we get in connection with it is that it is too thorough. There are some who are prevented from bringing things into the country because of our very strict regulations.

(Translation):

Mr. Boulanger: When the house went into committee on March 4 last, we heard two speeches, one by the Prime Minister (Mr. Diefenbaker) and the other by the Minister of Agriculture (Mr. Harkness). Those speeches were mere patchwork, such as we have been hearing since the beginning of the session, designed to disguise the farming situation and to justify the election promises of 1957-58. They are the new garment that was to be offered to the farmers and which, after three fittings, is in tatters.

All through his ten-minute speech, the Minister of Agriculture reviewed the achievements of his government. I noted, however, that his statement on price stabilization policy covered only 14 lines in the official report.

For his part, the Prime Minister spoke about the government's farm policy.

The following are the main points he made. First, the Prime Minister said, as reported on page 1765 of *Hansard*:

> The government proposes, subject to approval by parliament at the next session—
> That was in 1959.

He was referring to a statement he had made in the house on August 30, 1958.

> —to continue the fund to assist in the export of surplus wheat stocks to non-commercial markets under the Colombo plan.

He then said that the house had voted $50 million a year for the three coming years, or $16 million more than the previous amount. About that policy, Quebec "Duplessists" said during federal and provincial election campaigns:

> Duplessis caters to his province and Ottawa to foreigners.

It will be recalled that, at that time, the Conservative members voted in favour of the motion.

A second point made by the Prime Minister was this, which I quote:

> The government is studying in consultation with the provinces legislation to provide for a comprehensive crop insurance program.

The legislation was passed, but as it offered no advantage to the provinces, the program was not put into force in any part of Canada, except for a limited experiment made in the province of Manitoba.

Concerning the third point, the Prime Minister had this to say:

> In recognition of the recurring hazard of drought to the stability of livestock production in the prairie provinces, the government has taken steps to provide assistance to provincial governments, which have the prime responsibility for meeting the needs of feed deficit areas, and is giving sympathetic study to the establishment, under provincial administration but with federal financial assistance, of a forage bank program.

And the Prime Minister added:

> This particular portion of the enunciated policy has not been carried out as yet.

A fourth point had to do with the farm credit legislation. The P.F.R.A. was amended last year. I would say that it now affords farmers the opportunity of getting deeper into debt for a longer period of time. However, they cannot get short term loans for a more efficient production, as was requested by farm associations.

A fifth point had to do with the program to meet the needs of small farmers, and the Prime Minister said:

> The government has under consideration ways and means of improving their level of living for farmers on small farms by means of better land use, encouraging the formation of economic family farm units, improving technical training—
> That particular portion—

Said the Prime Minister—

> —is still under consideration.

As for the sixth point, the main feature referred to by the Prime Minister, and to which he attached the greatest importance, was about deficiency payments to western producers of wheat, oats and barley. He said in his statement of March 4 last, as recorded on page 1768 of *Hansard* the following:

> In August, 1958 I set out the reasons why in our opinion, deficiency payments were not the answer to the western farm situation. I am not going to repeat those reasons. They can be found at page 4306 of *Hansard* of that date.
>
> These proposals, as we consider, after giving the matter the fullest and most comprehensive study, tend to neglect the needs of the smaller farmers. They provide no aid to the farmer who has suffered a crop failure. They give little to the mixed farmer and livestock raiser who markets a limited amount of wheat.

And reading farther down, we come now to the Prime Minister's refusal to entertain the demands of western farmers. Here is what he said:

> However attractive it is to secure that amount of money to be distributed among the western farmers whose needs I know, and whose requests I view with more than usual sympathy, the proposals had weaknesses. The most grave weakness

is that the payment of deficiency payments would not touch the fundamental problems of the farmer on the land.

Thus was the Prime Minister refusing to yield to the demands of western farmers. However, here is the statement the Prime Minister made to the delegation of 1100 western farmers who came to Ottawa to submit their grievances on March 10, 1959:

(Text):

Now, ladies and gentlemen, I repeat that, in so far as your representations are concerned, they will receive the fullest and most complete and continuing consideration. I am glad you came.

(Translation):

Further down, he went on to say:

(Text):

I say this, it will be my undeviating purpose and that of those associated with me to do what we can to assure that degree of prosperity for agriculture without which the Canadian economy cannot be maintained.

(Translation):

Since that visit of the western farmers, the Leader of the Opposition (Mr. Pearson) has been urging the Prime Minister to give a reply to Canada's farmers. Six days short of a year later, that is on Friday March 4, a negative reply was given, despite the fact that the Prime Minister recognized the needs of the western farmers and viewed them with more than usual sympathy.

To use a favourite expression of the Minister of Finance (Mr. Fleming), I might say that it took the Prime Minister a year to lay an egg, and a cracked one at that.

Mr. Chairman, after having expressed all his sympathy to the western farmers, the Prime Minister, in a flight of lofty oratory, said this, as witness page 1766 of *Hansard* for March 4, 1960:

When we assumed office one of the first things we did was to examine the agricultural policies that had existed for a number of years under the former government. During many of those years the Progressive Conservative party insisted there was a need of basic reform measures in agriculture. We maintain that the very cornerstone of national development is a dynamic and flexible national agricultural policy.

Following that viewpoint we introduced, pursuant to the national agricultural policy of the government a long range farm policy comprehensive and co-ordinated. We did not in doing so neglect regional interests. We recognized in the most fundamental terms the national requirement that men and women on the land be given their right to a fair share of the national income.

Mr. Chairman, there are no bounds to the pompous, inaccurate, fallacious and inconsiderate statements of the Prime Minister and of the Minister of Agriculture.

I shall prove to you in a few moments what the real position of the farmer is like in this country. I shall show that he receives less for his work than he ever did during the years of Liberal regime.

And what about the Minister of Agriculture? Since the beginning of the year, he has travelled across the country, and attended farmers' meetings and conventions. He has received delegations and briefs, and whenever he had the opportunity to speak, he tried to justify his government's farm policy.

At the federal-provincial economic conference, which took place here in Ottawa, he stated:

The farm industry has had its share of the economic recovery which started in 1958 and went on in 1959.

He told delegates at the congress of the Canadian Federation of Agriculture that revenues from the sale of farm products for the first three quarters of 1959 were $40 million more than in 1958, whereas he knew as a fact that the year's end would show a decrease.

Read the speeches he made in this house since the opening of parliament. Whenever he makes comparisons, the Minister of Agriculture quotes figures that suit his purpose. Whenever he deals with farm income, his comparisons hinge on figures for 1957. When he compares prices of certain farm commodities, he selects those he likes, of any country in the world, to compare them with our own.

(Text):

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

Mr. Boulanger: After I finish my speech I will be glad to answer any question the hon. member may have.

(Translation):

Such subterfuge and evasions, to hoodwink the agricultural class must be looked upon with disgust and revolt by economists and right-thinking people.

The attitude of the Minister of Agriculture is understandable, Mr. Chairman. It reminds me of a trapped animal, sensing its approaching doom. It struggles and yelps until it is destroyed.

In 1960, farmers are being led into the same fix, the same trap as in the years 1930-1935, by a minister suffering from chronic obsession of camouflage and denial of promises.

Mr. Chairman, I shall picture the true situation of our farmers such as it used to be and such as it is now. And if my criticism is unpalatable to my Conservative colleagues, it means that it is accurate and to the point.

I realize that, because some of it might well be bitter, there will be hon. members who will think I am playing politics. As we

have already seen, those members are narrow-minded people who do not understand anything about democracy. If the party of which I am a member was at the head of an oppressive government, such as the one now at the head of this country, I would be the first to denounce it.

Our role in the opposition is to criticize, to show up the weaknesses of the government, and heaven knows there are plenty of them. We are doing this in the interest of all classes of society and, for my part, it is the agricultural class I wish to defend.

Mr. Chairman, the history of agriculture in the last three years may be divided in three phases.

The first one is pre-electoral, and to sum up the attitude which the Prime Minister and the Conservative members and candidates took at the time, I shall simply quote a sentence spoken by the Prime Minister, which epitomizes all his promises. The sentence was uttered in Massey hall, on April 27, 1957. Here it is:

(Text):

We will assure the farmer of his fair share of the national income by maintaining a flexible—and I underline the word "flexible"—price support program to ensure an adequate parity for agricultural producers based on a fair price-cost relationship.

(Translation):

It was on that theme that the government and the Conservative candidates launched their election campaign.

Now, let us consider the 1958 session at the second stage; the government pased the Agricultural Stabilization Act which is summarized in the preamble reading as follows:

Whereas it is expedient to enact a measure for the purpose of stabilizing the prices of agricultural commodities in order to assist the industry of agriculture to realize fair returns for its labour and investment, and to maintain a fair relationship between prices received by farmers and the costs of the goods and services that they buy, thus to provide farmers with a fair share of the national revenue—

In short, the purport of that act was to attempt to find a formula that might give farmers fair returns for their commodities in relation to the cost of production. This act was carried unanimously.

But on February 22 last, on a motion to go into supply, an amendment was introduced by the hon. member for Kenora-Rainy River (Mr. Benidickson). We are now at the third stage in the farming history of the Conservative party. The amendment reads as follows:

This house is of the opinion that the government should give immediate consideration to the implementation of agricultural policies designed for the purpose of stabilizing the prices of agricultural commodities in order to assist the industry of agriculture to realize fair returns for its labour and investment, and to maintain a fair relationship between prices received by farmers and the costs of the goods and services that they buy, thus to provide farmers with a fair share of the national income.

The amendment was debated for two days and defeated by a vote of 172 to 48. In other words, Conservative members reneged on the government's opinion, their promises, their own legislation and betrayed farmers generally.

Now what has come out of this agricultural policy? Mr. Chairman, I should like to give figures to prove, as I have said at the beginning of my remarks, that under the Liberal government farmers were getting more than they have been getting for the last three years under a Conservative regime.

I shall quote from the *Current Review* of March 1960—I do not have a French version. Here is a paragraph on page 3:

(Text):

Net income of farm operators from farming operations in 1959 is estimated at $1,189.4 million which is 7 per cent below the preliminary 1958 figure—

Mr. Harkness: Finish reading that—12 per cent above 1957.

Mr. Boulanger: I am talking about 1958.

Mr. Harkness: You do not like to talk about 1957.

Mr. Boulanger: The Minister of Agriculture said in Toronto at a meeting of the Canadian Federation of Agriculture that farm net income in 1959 would be higher than 1958. That is why I am telling the minister that net income is 7 per cent less than 1958. I know it is 12 per cent higher than 1957.

(Translation):

I know the Minister of Agriculture does not like to be reminded of the truth in this House of Commons because he has always resorted to half-truths, but I shall prove to him that the sale of farm products brought lower returns to farmers in 1958 than in 1957. To that end I shall use information supplied by the government itself.

On March 8 last, I asked the Department of Trade and Commerce about the selling price of wheat for the years 1947 to 1956 inclusive, and also the average price for the years 1957, 1958 and 1959 inclusive. Here is the list I received in reply.

In the last 10 years of Liberal administration, farmers were getting $1.49 a bushel for their wheat; under the Conservative administration, the average was $1.23. Under the Liberal administration, farmers were getting $1.00 a bushel for their barley; while under the Conservative administration, they have been getting 75 cents.

Mr. Michaud: The price keeps going down.

Mr. Boulanger: Oats, under the Liberal administration, sold at 65.6 cents, and under Conservative administration, at 53 cents. Grain, under Liberal administration, sold at $3.36 a bushel, and under Conservative administration, at $2.67. Hogs, under Liberal administration—this is an average covering the years 1947 to 1956—sold at $27.16 per hundredweight, and under Conservative administration, at $26.19.

Mr. Michaud: It is going down all the time.

Mr. Boulanger: Eggs, over the last 10 years, sold at an average price of 41.6 cents a dozen; under the Conservatives, eggs sold at 35 cents.

Mr. Pigeon: Not over a 10-year period.

Mr. Boulanger: And here is the answer to another of my inquiries from the Department of Agriculture on March 8, 1960.

Some hon. Members: Tell us about butter, yes, butter.

Mr. Boulanger: I had enquired about the average cost of eggs for the years 1949 to 1959 inclusive. Here is what is said on the cost of eggs in 1959:

And the price quoted for Canada as a whole in 1959 is 29.2 cents. A quick look in the past, in 1958 for instance, shows that the price was then 32.7 cents. In 1957, it was 31.4 cents.

On the other hand, under the Liberal government—we are now falling under the Liberal government—

Mr. Parizeau: You could not put it more accurately; you did fall—

Mr. Boulanger: —1956, 38.1 cents; 1955, 38.1 cents; 1954, 33.7 cents; 1953, 43 cents.

Further back, we find prices of 39.4, 34.9 and 48.1 cents. That was under the Liberal administration.

An hon. Member: There was no unemployment at the time.

Mr. Paul: Will the hon. member allow me a question?

Mr. Boulanger: I said earlier that I will answer questions when I am through with my remarks.

An hon. Member: The hon. member will be saying he barely has time to finish.

Some hon. Members: What about butter?

Mr. Boulanger: Some time ago, I met a lady in my district who discussed the price of eggs with me and asked me if I could not—

An hon. Member: Twin-yolked eggs.

[Mr. Boulanger.]

Mr. Boulanger: —she was asking me whether I could make representations to the Minister of Agriculture so he might consider establishing an allowance for fowl.

Mr. Chairman, city people have just as much cause to worry about the farming situation, because their interests are directly connected with the solution of farm problems which may affect the price of food and the level of taxation.

Somebody must benefit from the difference between prices paid to the farmer for his produce, and those paid by the consumer; the middleman is the one who benefits. The cost of marketing farm products has risen by 84 per cent between 1949 and 1958.

For the year 1957, the rate of revenue from investments, after tax deduction, is distributed as follows, and the figures I quote are from a report of the royal commission on price spreads. For the retail business as a whole, a net profit of 9.8 per cent was indicated; the over all net revenue of wholesalers was 11.1 per cent; and for the over all profit of the manufacturing industry we find 10.7 per cent. Among those industries, three were manufacturing breakfast foods and declared a net profit of 29.2 per cent.

I could go on and take the net profit figures for dairy products processors section, which declared a profit of 10.9 per cent. If the farmer was treated in the same fair way as was promised by the Prime Minister, he would, with an investment of $25,000 to $30,000, which today is by no means exaggerated, get a revenue of $3,000 to $4,000 even if we take the lowest rate accruing to private enterprise.

The government chose to appoint this royal commission on price spreads for food products, but is in no hurry to put its recommendations into practice.

An explanation from the Minister of Agriculture, or the Minister of Justice (Mr. Fulton) as to the position of the government in this matter would be of great significance.

Let us do away with the old theme: "Parity not charity" and sing another one, the theme of justice.

The 1956 census indicates that at least one third of those who are registered as farmers received cash returns of less than $1,200 a year, or $23.20 a week.

Last year, Dr. Mel Andal, an economist of the Department of Agriculture, said when he submitted a brief to a Senate committee on land use, that one third of 575,015 farmers in Canada were living on submarginal farms.

The "Co-operative fédérée" stated that the annual income of Quebec farmers in 1957

was $1,554, which represents a wage of $30 a week, while the purchasing power of workers increased by 30 per cent.

The province of Saskatchewan, in a brief submitted to the same commission—

The Chairman: I am sorry to interrupt the hon. member, but I must tell him that his time has expired.

Mr. Boulanger: With your permission, Mr. Chairman, may I have three or four minutes more?

(Text):

Some hon. Members: Agreed, agreed.

(Translation):

Mr. Pigeon: Yes. Agreed.

(Text):

The Chairman: Has the hon. member consent to carry on?

Some hon. Members: Agreed, agreed.

(Translation):

Mr. Boulanger: Thank you, Mr. Chairman. The province of Saskatchewan, in a brief submitted to the same committee, said that in 1951, one third to one half of the 103,000 farmers of the province lacked adequate revenue to support their families. In 1958, according to the same report, the situation was even worse.

I have before me a report, prepared by the authorities of Macdonald College in January 1960, showing farmer's incomes.

The report, which is based on figures—they are estimates, of course—of the dominion bureau of statistics, indicates that in 1959, the net income for the whole of Canada was $1,200 million.

Adding up the figures for the last three years of Conservative administration, I arrive at the following results: the average income over the last three years, namely 1957, 1958 and 1959, was $1,176 million.

Now, taking the figures for the last ten years under a Liberal administration, I arrive at a total of $1,460 million.

In other words, the average net income on the sale of agricultural products over the last three years under a Conservative government, has dropped by $284 million.

Mr. Chairman, in quoting these figures, I am aware that the Minister of Agriculture can check them and try to deny my point. However, the figures are taken from a report published by the dominion bureau of statistics, and I wanted to draw them to the minister's attention.

Yet in the face of such evidence, there are still members in this house who have the gall to say that the agricultural situation in Canada, and particularly in the province of Quebec, is fine, and that farmers are quite happy.

Mr. Chairman, we would have expected that, in view of present conditions, the government would have announced new legislation, or would have introduced a new program to correct the situation, but it has taken no action.

The agricultural situation in Canada is like a ship that is lost in the fog, at sea, with the Minister of Agriculture at the helm. He has so tampered with the compass of election promises that he put it out of commission. The crew stands by, watching the skipper struggling along, and dare not say a word lest the already precarious situation of their ship become worse. That is what the Conservative members are doing except for two mountebanks who try to amuse them with nonsensical acrobatics. The member for Rosthern (Mr. Nasserden) did try, however, to steer his skipper away from some of the reefs, but the skipper refused to put the tiller hard over.

The situation is not hopeless. It is a matter of appealing to farm organizations, universities, co-operatives, agronomists and leading farmers; of listening to them and sitting down with them to consider their suggestions. If the farmer is discouraged today, if young people no longer want to remain on the farm and if so many farms are abandoned, the fault lies nowhere but in the discriminatory policy of the Conservative government toward the farm people.

Promises were made but not kept.

The farm legislation passed by the Liberal government to ensure the farmers fair returns for their trouble and their work has been completely upset.

The present government's obvious disregard for farm policy, in favour of trade and commerce, has caused the chaotic and desperate situation that is facing us today.

Like the various farm organizations throughout the country that submitted briefs to the government, I express the hope that the Minister of Agriculture will give consideration to and put into practice the good advice they contain.

Unless the government makes a survey of farm conditions in co-operation with the experts I just mentioned, that is, university professors, managers of co-operatives, agronomists and leading farmers, and unless an

over-all plan is established to reintegrate agriculture into our economy, the farming sector will collapse.

Farmers will have no alternative but to quit the land or to keep hoping that one day, men of intelligence and courage who are conscious of their responsibility will take over the job. Indeed, that day should not be too remote by now.

Mr. Paul: Would the hon. member allow a question?

Mr. Boulanger: With pleasure.

Mr. Paul: The hon. member has given many figures with regard to the marketing of farm products. Could he tell us whether he has forgotten to mention statistics for butter?

Mr. Boulanger: Mr. Chairman, I shall be pleased to deal with the butter question and I shall remind my hon. friend of the statement which the Minister of Agriculture made last April 13, when he said that the farm price stabilization board was keeping the butter price at the same level, that is, at 64 cents a pound. Moreover, he said—

Mr. Rompre: You should compare it with the previous years.

An hon. Member: Wait a minute, and you will be able to learn something.

Mr. Boulanger: The Minister of Agriculture also said:

> The price support for butter during the dairy year May 1, 1960 to April 30, 1961 will be 64 cents per pound for Canada first grade creamery butter scoring 40-93, basis delivery Montreal, with appropriate price differentials for other grades and qualities.

Mr. Chairman, that statement would indicate that this year's price would be 64 cents a pound for first grade butter, and, when the quality of the product falls down to 39-92, the price will fall accordingly. Yet the Minister of Agriculture stated in this house that the price for farm products would remain on the same basis as last year, which is inaccurate.

In the province of Quebec, about one sixth of the total butter production may be classified in category 40-93, while the remaining five sixths is of lower quality.

That is the result of the agricultural policy of the Conservative government, that selfsame policy that the Conservative members from the province of Quebec are applauding. That is just what they did when the minister made that statement, and I am sure that no one on the government side, understood that.

Mr. Paul: Would the hon. member allow a supplementary question? I do not know whether he did it wilfully or not, but he did not see fit to give the comparative figures I had asked about the price of butter in 1957, 1958 and 1959, and in former years. That is the question I had put to him.

An hon. Member: You are slipping on Mr. Bennett's butter.

Mr. Loiselle: Mr. Chairman, are we making a court case out of this?

Mr. Boulanger: Mr. Chairman, I am pleased—

Mr. Pigeon: It was then 58 cents a pound.

An hon. Member: Listen and you will learn a lot.

Mr. Boulanger: Mr. Chairman, if the cost price is taken into account, the price of 64 cents a pound is not higher than that of 50 or 54 cents, as it was six, seven or eight years ago, and I will prove it to you.

An hon. Member: Tell us something about the price of 25 cents a 100 pounds for milk.

Mr. Boulanger: Mr. Chairman, I apologize if I have addressed myself to the other side of the house. The cost price index has increased by 16.9 per cent over that of last year. This year, from January to February, that is for a period of 30 days, it has gone up 2.9 per cent.

I would ask the Minister of Agriculture to check my figures; if they are not correct, I shall be glad to withdraw what I said.

The price of 64 cents a pound for butter is not higher today than that of 48, 50 and 54 cents, as it was six, seven or eight years ago.

(Text):

Mr. Herridge: Before proceeding with my remarks in connection with these estimates I want to say on behalf of this group that we appreciate the good work that is being done by the staff of the Department of Agriculture at the headquarters in Ottawa, at the various experimental stations and throughout the country. I might say that until quite recently there were several members of this staff who were old classmates or college mates of mine, but they have all retired and vanished from the scene. I am the only antique member of that generation gyrating around here at the present time.

I want to say that the study of the agricultural development in Canada is to me fascinating. I have read the history of this country from a number of sources, and I have always found it interesting. I think possibly that is because I come from pioneer stock. I have known what it was to take two dozen eggs to the store in a lard pail

in order to get a package of tobacco and two boxes of matches. I therefore speak from experience as a pioneer settler. I have a keen appreciation of the problems of the smaller ranchers in particular.

However, the history of agriculture in this country is a most interesting study, dealing as it does with the early settlers in Quebec, in the maritimes, then later in Ontario, then along the coast of British Columbia and Vancouver island, then later the settlements in central British Columbia and in the southern interior valleys with which I am most acquainted. These valleys were settled by people who in the early days principally supplied the local market for beef, dairy products, small fruits and vegetables. That local market has been destroyed in recent years by certain influences in this country. The hon. member for Vancouver East will deal particularly with that problem later this afternoon; my remarks are going to be somewhat general.

This settlement in the interior valleys of British Columbia included many types of people, some with experience and some without. In any event they were sturdy, happy pioneers of many races, including a good number of people from our neighbour province of Quebec, who went out there in the early days. Those valleys were settled by people who were attracted by the climate, the scenery, the fishing, the hunting and their hope, at least, of the opportunity of making a reasonable living in good circumstances.

In following the hon. member who has just spoken I want to mention this matter in order to show the close relationship this group has with Canadians of French descent, and our appreciation of their problems. I enjoyed the speech made by the hon. member who has just spoken. I want to say that the district from which I come is extremely interesting in that respect. When David Thompson discovered the Columbia river, his boats were rowed by Canadians of French descent. The first agriculturist we had in the Arrow lakes area was an old gentleman of French descent by the name of Nels Demers who stayed in that country alone, after the Hudson's Bay Company left, from 1866 until such settlers of whom I am speaking arrived in the early days of this century. I cared for that old gentleman prior to his death. He was the first agriculturist in the area. I am glad to say that we have two small communities named after him, namely East and West Demers. I knew a gentleman of French Canadian descent who was also a small rancher and was the first shipbuilder in the area; he was named Blondin. As a matter of fact a creek that flows through my ranch is named after him because of our friendship and our great respect for him. Those were happy pioneer days. Conditions are entirely different today.

I cannot help living in the past on occasion. I knew another Canadian of French descent who was an early pioneer rancher and a prominent Liberal. One day just prior to the 1945 election he said to me, "I am president of the Liberal association and I work hard for my party, but I want to tell you this. We have known one another for nearly 50 years and I am praying like hell for you". I won the election. Hence I have had some valuable assistance from my constituents of French descent.

I am coming around to my general theme in a few minutes. Anyway, some of these people arrived with capital, some with small assured incomes; but as to others, the only assets they had was grit and the determination to succeed. All of them, whether they were of British stock or not—and I may say, in case anybody does not know, that I came originally from the old country—had a sense of humour; they were fond of animals, particularly horses, and some were overfond of the ladies. But this combination of settlers from Britain and people coming from French Canada built the farmer and co-operative movement; it was the foundation of the co-operatives which developed in connection with the fruit industry of British Columbia.

I mention these things to show what can be done on the basis of mutual co-operation and understanding. When I hear all this talk about Quebec and Ontario and British Columbia, from my point of view it seems to be all tommy-rot. As far as I am concerned we are all Canadians first.

There are, of course many different types of Canadians, and before I proceed I might mention, in order to illustrate the difference in these types, that a Kootenay rancher is entirely different from those to be found in other parts of Canada. For the first ten years when some people occupied the land, they kept the farm. Afterwards, with experience they became ranchers and graduated to the point where the farm kept them. On one occasion a dear old gentleman asked me to go and see his cows. He had been a secretary-valet to a well-known noble lord in Britain and had come out to this country to settle. He was a Christian gentleman with a great love of animals, anxious to learn all he could about farming. He had attended a meeting addressed by some official of the federal department of agriculture, who told him that if he wanted to get the greatest possible milk production the cows had to be kept comfortable. The more comfortable they

were, the more milk they would produce. One day he came to my place in the middle of the winter—we had a cold spell and the temperature was one or two degrees below zero, a somewhat unusual occurrence in our part of the country, I must say—and asked me to come and see what he had done to keep his cows comfortable. He had commanded his wife to make up blankets to cover the animals; then he had contrived something after the fashion of tea cozies which he used to cover the udders. Then he finished the whole thing off by having puttees very nicely made out of sacking. When I had admired all this he asked me, "After all that, don't you think I should get more milk?" I agreed with him.

I mention this to illustrate the various types of settlers we had at that time. Those were different days. The wants of the pioneers were simple and costs were low. They were catering, on the whole, to local markets which were growing at that time, the mining industry and the developing forest industry. Today the situation is entirely different. We have machine production, high capital investment and high costs. One cannot go on the prairies now and get 160 acres and start farming with an expectation of getting anywhere. Nor would it be of any use attempting to begin with the small amount of capital which once was sufficient. A high capital investment requires abundant credit, and we are increasingly dependent on export markets. In British Columbia this is particularly true with regard to the marketing of fruit and other commodities.

Agriculture is without doubt in a crisis, and I am of the opinion we are not going to solve the problem in Canada if we treat it on a partisan basis. This group makes its contribution in this house with respect to agriculture in an effort to find some common and satisfactory solution. I think we should not underestimate the difficulties and complexities in the changing industrial society in which we are living—

An hon. Member: You are not speaking for your group, but for yourself.

Mr. Herridge: The hon. gentleman does not realize that I am expressing a general approach to agricultural problems on behalf of our party this morning.

There is no doubt that we face a serious crisis in agriculture in the years ahead unless there is some appropriate action and leadership by federal and provincial governments. In a democratic society they must give some leadership in the right direction. First, in our opinion, we have to decide the place and value of the family farm in our society. I am a great believer in the family farm. I am one of those persons who deplore human beings becoming robots and I recognize, as do the other members of this group, the values which have sprung from family farms and rural communities throughout the generations in the history of this country.

In this connection I should like to quote from a book which I have been reading and which I have found most interesting. It is called "The Failure of Success—The American Crisis in Values" and the author is Esther Milner. I advise anyone to get a copy who is interested in studying the circumstances under which we live and the problems we face at this time, problems which cannot be solved by short-run methods. I want to quote from this book, because I am one of those who do not see everything as black or white, whether in regard to international or domestic affairs. I believe that in a democratic society all sections can make some contribution to the solution of any problem, whether it is unemployment or farm markets or the maintenance of the family farm, providing democratic governments give some leadership and thought to the problem. On page 17 there is a passage in this book which reads as follows:

> I find it the colossal irony of our times that the hostility of the two major antagonists on the world scene originates in their mutual commitment to the same philosophic fallacy, the doctrine of "economic man." Both the United States and the Union of Soviet Socialist Republics espouse social ideals of the highest order, but in practice the leaders and the people of both countries believe that the economic aspects of man's life are not merely of primary but of ultimate importance. Our disagreement lies essentially in our insistence that our own economic system is the better pathway to the goal—but the goal is essentially the same: "On both sides it is asserted that the only, or at any rate the main objective of nations should be industrial prosperity. This is implied in the dogma of economic materialism, which forms the basis of both these systems, ostensibly opposed as they are.

I think there is a lot of truth in that statement. The subquotation continues:

> "And as these theories merely reflect the state of public sentiment, industry, which was formerly regarded as one means to a higher end, has become the supreme end for individuals as well as for whole societies."
>
> Although the writer of these words was speaking of what at his time were two economic theories only, his words have proved more prophetic than he could have realized. Emile Durkheim wrote these words in the 1890's, twenty five years before the formation of the U.S.S.R. and nearly sixty years before our current international stalemate.

I have read that paragraph, which I think is most informative, to indicate that our attention must be directed to several problems in our society, and that the economic problem is only one line of advance toward a solution. In my opinion the improvement and development of the family farm offers

an opportunity to preserve the traditional values of our society, to preserve a contribution of real value while at the same time stabilizing at a satisfactory level the economic position of our farmers in a changing, industrial society.

In saying this I am not overlooking economic security for all groups in our country. In dealing with these questions as parliamentarians, with possibly the greatest responsibility of any parliament in our history, we have to move ahead on a number of parallel lines of which economic improvement is only one. However, one of these lines is a program that will provide economic security for our farmers.

Conditions have developed rapidly since the termination of world war II, and there is no question but that the policies of federal and provincial governments have been unrelated in a number of fields. I am not criticizing the emergency measures which have come into being to meet the problems of depression, war, inflation and drought. The major problem now is surpluses. In view of this group the measures have been emergency, piecemeal and unrelated to one another. There is no evidence of a planned over-all national policy based on a long range approach to economic and sociological facts.

I am not blaming individuals or particular governments. To some extent governments, organizations and individuals are victims of circumstances that have arisen in recent years. But there is no evidence of a sound approach to the genuine happiness sought by all mankind. This is not found purely in the pursuit of monetary values. Happiness embraces a contentment in the pursuit of a useful occupation, a love of nature and satisfactory relations with human beings.

On the one hand government and research workers, to whom I give all credit, are devoting themselves to knowledge and methods which increase production and surpluses and at the same time depopulate the farms and rural communities. Other government agencies are providing credit to apply this new knowledge and these new methods to an expanding production. On the other hand the federal government, with price supports and deficiency payment policies, is limiting production. We have this agricultural team pulling in opposite directions, with the horse representing the scientists going ahead but the horse representing the marketing policy sitting back on its haunches. There is contradiction in over-all agricultural policy that is difficult to avoid without planning. The problems this creates increase daily. A number of small farmers are unable to make a living through failure to adjust to these changed circumstances. They cannot meet the forces at work as the result of our lack of an over-all agricultural policy.

I have never accepted the philosophy of the worship of bigness, size or quantity. I know there is an attraction to large scale industry, huge production and size in anything. I have known a man to enter a room full of ordinary people, and when it was whispered that he was worth $10 million it seemed to establish an aura around him. People are hypnotized by wealth, numbers and size, which in my opinion represents an unsound approach to life, instead of being hypnotized by character, intelligence and industry. However, that is all part of the evolution of the capitalist society.

Of course we do not see things in black and white. There has to be some common ground between the extremes if there is to be a solution. We can learn from our past history and from the practices of the present in other countries.

We find a lack of concern for agricultural human resources. Some people are not fazed by the thought of doing away with the number of farmers. This is accepted by people without thinking of the impact on our society and the contribution made by farmers to our national development. I have met many farmers. Many are without clear objectives and a sense of direction. They are confused by the fog of the circumstances under which they live. I think it is also fair to say that many farm organizations lack over-all agreement as to the policies best suited to correct the situation, but all agree on the value of the economic family farm. That is a good starting point on which they all agree. They feel that because of its value the family farm should be preserved.

In that connection I want to quote briefly from the brief of the interprovincial farm union council presented to the federal government on February 17, 1960, the second paragraph of which states:

> We believe that an agricultural industry based on the concept of the family farm can best serve the national interest of Canada. To maintain the industry on this basis requires a clearly defined agricultural policy.
>
> On October 14, 1959, addressing the farm equipment institute's 66th annual meeting in Montreal, Quebec, the Minister of Agriculture, Hon. Douglas S. Harkness, stated as follows:
>
> "The agricultural policy of the Canadian government is designed to ensure that the average economic producer will secure a standard of living comparable to that of people in other industries, and thus ensure a healthy agriculture, with sufficient production to meet our own needs and those of export markets."
>
> Under the combined circumstances of rising farm costs and declining farm prices, we submit that the realization of this stated objective cannot be attained.

I support this question posed to the government in the brief:

> Are federal agricultural policies to be enacted that will aim at the preservation of widely distributed private ownership of productive assets, enabling men to maintain themselves and their families on their farms, or does the federal government intend to let those economic forces have free play, that encourage the trend to anonymous, corporate ownership with all its inherent dangers?

There is a general realization among farming people and others in Canada that the family farm is a necessary productive unit in our society, because it has proved its value.

What are we going to do about the problem? I said that farmers lack purpose and direction, and that farm organizations have failed to agree in general on a solution to the question. Federal and provincial governments lack accord with respect to a common policy. We also have disagreement among individual farmers because of differences in their experience or training and the circumstances under which they live. This great industry is drifting in a sea of day to day expediency on the part of government, farm organizations and farmers themselves. All have been forced into this state of expediency because of the lack of planned over-all national policy for agriculture related to the facts and the circumstances of our time.

I pay tribute to what is being done; I do not underestimate it. I recognize the value of the marketing legislation that has been passed by governments as the result of prodding by agricultural organizations. I recognize the value of the credit facilities provided by the federal government and some provincial governments. I recognize the value of the Prairie Farm Rehabilitation Act, which has done a great work in that field. I recognize the value of the Praire Farm Assistance Act and the Maritime Marshland Rehabilitation Act. However, all this work that is being done on a piecemeal basis is based largely on expediency so far as the federal and provincial governments are concerned. I wish to pay tribute to those who conceived these policies and have given effect to them, and also to those who have responsibility for administering them. However, Mr. Chairman, in our opinion a satisfactory and effective long term, sound agricultural policy can result only from research into all the facts, and we lack that. You cannot design a satisfactory policy without knowledge, without the facts.

As I said before, I pay tribute to our scientists in the agricultural service and in universities who are engaged full time in meeting day to day problems, whether in the field of production, marketing and so on. But what is required—our farmers' organizations have touched on it to a limited extent up to now and I think the agricultural institute of Canada has been dealing with this question possibly in more detail in recent years—in the opinion of this group is an independent farm policy agency. We need the facts; we need some organization to get the facts, to get the truth—not propaganda, not opinion, but the facts—upon which to base for a number of years a satisfactory national agricultural policy. We need the facts with respect to land available and land resources, the productive capacity of this land, the markets, the transportation and all the other factors, shall I say, that relate agriculture to the rest of the community.

I suggest, Mr. Chairman, on behalf of this group that this government should immediately sponsor a Canadian farm policy research foundation. We suggest this because we believe the more governments secure the co-operation of the organizations representing the farmers and of other governments on as wide a scale as possible, the sounder will be the approach in a democratic society. We believe that such a foundation should include representatives of governments, both federal and provincial; it should include representatives of the agricultural institute of Canada, which is a professional organization of registered agriculturists in this country, with a lot of good men in its membership and a lot of experience gained throughout the years; it should include representatives from the staffs of the universities and representatives of the farm organizations. I suggest in that group of persons you have a—

The Chairman: I am sorry to interrupt the hon. member, but his time has expired.

Mr. Herridge: May I just add two sentences?

Some hon. Members: Agreed.

Mr. Herridge: I suggest, Mr. Chairman, that if we can approach this problem in that spirit, using the intellectual resources we have available and the experience we have in abundance, with the good will of all parties, we can have a co-operative and planned study, a planned program of agricultural research upon which a national agricultural policy can be founded, because we will then have the knowledge and we will have the facts. With that we will have an understanding of the problem, and we will have secured that knowledge in an atmosphere of co-operation which is essential for the application of the national policy that will be the result of that study.

Mr. Speakman: Mr. Chairman, before making my few remarks I wish to comment on some of the remarks of the hon. member for Drummond-Arthabaska. During the course of his remarks he spoke as though his party were very strongly in favour of deficiency payments. I ask him, what was the attitude of his party in the years 1946 to 1957, and the reply of his party to the farm representations made over those years in response to the promises which the government of which he was a supporter made during the war years when it said, "Hold the line and we will see that you get full payment, gentlemen"? I believe he will admit with me that the representations now being made have accumulated from the days of the government of which he was a supporter.

May I call it one o'clock, Mr. Chairman?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Speakman: Mr. Chairman, when the committee rose for the luncheon adjournment I had been mentioning some of the things said by the hon. member for Drummond-Arthabaska. In his remarks he made some comparison of prices with reference to the time that the previous administration was in office but what he failed to mention was the fact that from 1950 onward prices of these products steadily declined and production compared with consumption rose very sharply. He said that government members were complacent about the agricultural situation. I should like to tell the hon. member that we are not, that members on the government side who represent rural constituencies are no more complacent than anyone else. We know there is a problem but we do know that the government, the first in a long time to do so, is making an honest attempt to find a solution under a very capable and honest minister.

During the Easter recess I drove some 1,200 miles through my constituency in central Alberta and talked to farmers, elevator agents, municipal and county authorities and small businessmen. The 1959 crop, a very small percentage of which was taken off during the harvest season last year, was coming off quite well with the exception that losses in the amount of production amounted to about 20 to 25 per cent and losses in quality were about the same. As a result farmers were harvesting less than they would have got if harvesting had been normal.

I would not say that they were discouraged because they feel that the government will look for some method to assist them. Farmers who took off their grain during the last harvest season had grain that was in a damp or tough condition and they have suffered losses for that reason. I think there is a very real need at the present time for some type of assistance. I have been getting letters constantly from the farmers union of Alberta and the locals in my constituency, all of which make the same plea that I have made before and repeat today. I think it is time for the government to consider very seriously repeating the acreage payment that was made in 1958, namely $1 an acre to a maximum of 200 acres. I feel this would afford real relief at a time when it is most needed. In the area I represent the farmers average 300 acres or less. This means that these people need assistance, particularly in view of the fact that they have suffered a partial and in some cases very substantial loss so far as their 1959 crop is concerned.

I should also like to bring to the attention of the minister and the government an idea which has been put to use in the United States. I read about it this morning in a publication of the Canadian Federation of Agriculture and I think the government should give some consideration to it. I have here the news and information bulletin of the Canadian Federation of Agriculture and on page 5 there is reference to the United States conservation reserve program under which an annual rental running from $11.53 to $11.75 per acre is paid.

We have in Canada, particularly in the west, areas that have been in crop production for a good many years and where a conservation reserve of this type would enable the replacing of valuable soil elements which constant production has taken from the land. We also have areas which at one time were in forest and are now under agricultural production but which I think could well be reforested. We have great hopes, of course, with respect to the new department of forestry which it is proposed to set up because in that area millions and millions of feet of lumber used to be produced. That production has now disappeared and our lumbering industry has also disappeared with it. I would hope that the government would have a look at this conservation reserve program and the taking out of production of land which has been farmed so long and also land which is basically not suited to agricultural production.

Mr. Michaud: Mr. Chairman, I have already had occasion in previous debates on the subject of agriculture earlier in the session to

make known some of my views on this problem. There are, however, a few more observations that I should like to make at this time pertaining to the item now before the committee. On March 4 when these estimates were introduced into the house the Prime Minister had this to say on agriculture, as found at page 1766 of *Hansard*:

> We believe that agriculture is one of the most important sectors of the Canadian economy; that the prosperity of agriculture is an integral part of Canadian prosperity; that governments do have a responsibility in the constructive and effective manner to strengthen Canadian agriculture for in doing so the economy as a whole is strengthened. We believe that the national interest can best be served if we endeavour to do our utmost to develop efficiently and economically our resources, including agriculture; that farmers should have continuing opportunities to earn sufficient income to enjoy the benefits of our rapidly growing economy and the rising standards of living enjoyed by the population as a whole; and that a reasonably high and stable level of farm income is an essential prerequisite to a high level of employment and income in Canada generally.

I wholly subscribe to the views expressed in that quotation and, as applied to the agricultural situation in the maritime provinces particularly, I think that every effort should be made to stimulate agriculture.

This is a point about which I feel very strongly. I have already said in this house, and I repeat at this time, that if we ever find a solution to the agricultural problems which exist in the maritime provinces we will have gone a long way toward the solution of the unemployment problem in that area. It is known to everybody that unemployment is the main curse that we have to face in the maritimes, and if we have to accept the views expressed in the quotation I have just given as reported in a speech by the Prime Minister on March 4 it would be evident that special efforts would have to be made, as I just mentioned a minute ago, to stimulate agriculture in the maritime provinces. Agriculture is one of the main industries in that area, and unless we adopt ways and means of keeping our farm population on the farms we can expect that the unemployment problem will remain with us in a very acute manner.

The present government, in attempting to solve some of the agricultural problems which we are facing today, last October applied deficiency payments to the poultry industry and last January applied deficiency payments to pork. Speaking on this item in a previous debate I expressed serious doubts that the aims sought by that legislation would be attained, particularly as applied to the poultry industry. I wondered if that policy would not be self-defeating and if instead of discouraging the big producers it would discourage the small producers. Since that time a statement has been published by the *Canadian Poultry Review*, which I now hold in my hand on that very subject. It would seem that the quotation which I am about to give would support the contention that it is the smaller producer who is being discouraged, who is being squeezed out of the industry, whereas the large producer remains in business.

These statistics cover 45 Ontario hatcheries and the report covers a period from October 1, 1959 to February 28, 1960, in respect of chick orders. Here are the statistics: In 1958-59, the number of orders for flocks under 500 was 1,068 for a total of 285,133 chicks. During the same period in 1959-60 the number of orders had declined to 613 for a total of 167,000 chicks. For flocks from 500 to 1,500 the number of orders in 1958-59 was 640, for a total number of 503,000 chicks. During the same period in 1959-60 the number of orders declined to 468 for a total of 386,000 chicks. For flocks over 1,500, in 1958-59 the total orders amounted to 190, for a total of nearly 593,000 chicks. For the same period during 1959-60 the number of orders had declined to 182 for a total of 584,000 chicks. It is clearly indicated by these figures that it is the smaller producers who are going out of the poultry industry whereas the larger producers, with their mechanized equipment and their more available capital, are able to resist the present price depression and remain in the poultry industry. This is exactly the reverse to what was expected when this law was put into force.

There is one other observation which I should like to make and which applies particularly to the maritime provinces. I refer to our experimental farms. I think we have wonderful experimental farms in the maritime provinces, and they are serving a useful purpose. The government has always spent, and is still spending, huge amounts of money to keep these experimental farms in operation. The point which I should like to make at this time is that I wonder if we are reaping the full benefits of these experimental farms.

There is at Nappan, Nova Scotia, which is only about 100 miles from the area where I live, an experimental farm which is serving a very useful purpose. This farm specializes in the growing of grasses and grain, exactly the things in which the farmers in my area are interested. I wonder how many of my farmers have ever taken the trouble to even visit that farm? I would say that at least 95 per cent of our local farmers do not even know where Nappan is. The point which I would like to make is that greater efforts should be made by the government to disseminate the knowledge gained from the experiments which are being conducted at this

station. In my opinion it is useless for the government to continue spending these huge amounts of money in research in the agricultural field unless the knowledge gained is brought to the attention of those farmers who can be served by these experiments. I wish to repeat what I have just said, that I would like to see the government making greater efforts to bring to the rank and file of farmers the knowledge which has been accumulated by the experiments carried on at these experimental farms.

(Translation):

Mr. Chairman, in these brief remarks I wanted to draw to the attention of the house the farm problem as I see it in its national context at this time, that is today.

Before concluding what I have to say I would if I may, read into the record an editorial dated December 16, 1959, from *Terre de Chez Nous* of the same day, entitled:

"True rural policy an urgent need." Canadian farms are being deserted. Thousands of young, unprepared country boys are going to swell the great number of unqualified workers and unemployed in our cities. Our rural areas are progressively drained of their population. It is hard today to find a farmer's son who is willing to take over his father's farm. The number of farms under operation decreases by a few thousand every year. The disastrous results of integration are a cause of concern. Marginal lands raise a problem of considerable and acute portent. Our farm districts are going through a particularly serious period of depression and a number of farmers are bewildered and distracted.

Some explanations are given for this state of affairs. Certain solutions have been tested. But the feeling remains that secondary causes are being fought because their effect seems to us particularly striking. Nobody dares to find out the primary cause of this evil. The settlement of that fundamental issue is left to natural selection. In practice things are being allowed to drift, and people hope that time and tide will ultimately settle everything. People close their eyes to the terrible human problems emerging from that situation and which will not fail to multiply. Nobody dares accept, and, more particularly, to put into practice a much needed over-all policy which has been sought for many years—

First of all we should complete the inventory of all our renewable resources. We would then adopt some program for their maximum development and use for the benefit of our rural class. We have there an enormous task for a special body having all necessary powers and means at its disposal. This is the essential basis, that the state alone can provide so that we can build the framework and outline of the general conditions in which individual and collective action may really be efficient.

Once we know on what raw material we must work, and once we have decided on the most appropriate use we can make of it, then we would only have to adopt certain concrete steps to achieve the general objective. In the case of economically sound farms or of those likely to become so, for instance, we should provide the required credit facilities to assure their efficiency, and put at their disposal all the techniques they need. It is all very well and good to talk about efficiency, but still, such an objective must materially and economically be accessible to those who wish to achieve it.

The importance of marketing no longer needs proof. At least, in theory. In practice, there is much to be done yet, before farmers can play the role which is theirs in that field. Excellent beginnings have already been noted. But it is urgent to adopt legislation which is imperative, or to improve the existing one, in order that well understood collective action may have its full scope.

But, all that will amount to very little, if the coming generation is not better prepared to earn their living. It is the whole problem of rural education and instruction which is involved. First of all, an efficient guidance system is imperative, if we want each young rural man to find his true way. Then, these young people must have the opportunity of preparing themselves according to their vocation. Not only those who wish to take up farming, but also the increasing number of those who wish to earn their living by other means.

Each one of those points would call for a lengthy examination. However, the first step is to draw up once and for all and to apply an over-all plan for our rural communities. The first thing is to know where we are going. Then it is a matter of taking the means to the end. The present situation shows that any further delay might be disastrous and even criminal.

Unless and until a start is made on such an over-all plan, any individual measure will be nothing more than a stopgap. It will be a poultice which, instead of having a healing effect, will only worsen the condition of the diseased organ. In such a context, anyone who satisfies himself with partial solutions is acting like a quack, either through bad faith, naivety or ignorance.

Mr. Chairman, I commend to the attention of the house and particularly of the Minister of Agriculture the wise advice and recommendations found in this editorial.

Mr. Pigeon: Mr. Chairman, I want to open my remarks by congratulating the Minister of Agriculture (Mr. Harkness) for giving the welfare societies of this country thousands of pounds of pork to help the needy.

Even if social work is primarily the responsibility of individuals, the federal government has shown a wonderful example of generosity. In fact, through the Gold Cross organization, in the Montreal area, the government has given thousands of pounds of pork and, out of this gift, 50,000 pounds of pork have been distributed to charitable organizations in the Joliette diocese. I am justified in saying that this government, for the first time, has given something to Canada as well as to foreign countries, contrary to the Liberal policy of the past.

Mr. Chairman, I also want to point out to the minister that, under the former government, many federal experimental farms have been abandoned in this country. So far the following farms have been idle: Farnham,

1940: Cap Rouge, 1945; Abitibi farm, 1936; Rosthern, Saskatchewan, 1940; Wainwright, Alberta, 1951; Windermere, B.C., 1940.

You have there a clear indication, Mr. Chairman, of the way the former government treated the farmers of this country. In the province of Quebec, three experimental farms folded up under the former government.

Unfortunately, the hon. member for Drummond-Arthabaska (Mr. Boulanger) did not mention those facts to the house. Quebec was one of the hardest hit provinces under the former Liberal administration. Consequently, I ask the Minister of Agriculture, if possible, to consider the advisability of either creating new experimental farms or increasing the funds for research, not only in the other provinces but especially in the province of Quebec, because a greater number of experimental farms have shut down.

An hon. Member: Use the remaining ones.

Mr. Boulanger: Mr. Chairman, the hon. member—

Mr. Pigeon: Mr. Chairman, I ask the hon. member for Drummond-Arthabaska not to interrupt me. I did not interrupt him when he made his speech. If he has any questions to put to me, he may do so as soon as I have finished my speech.

Mr. Chairman, I strongly urge the farmers of the province of Quebec to become members of the U.C.C. (Catholic farmers' union) and to join other co-operative movements if they really want to make progress. The U.C.C. has always upheld the interests of farmers. It is their duty to become members of that organization.

Mr. Chairman, I refer to an article published in *Action Populaire* of Joliette of July 8, 1959, which includes a report by Mr. Jean-Baptiste Lemoine, from *Terre de Chez Nous*. I quote:

> The UCC played a prominent part in the fight for the maintenance of a reasonable price balance for dairy products. This is a target to shoot at.
>
> But the farmer's aim should be to take over the control and guidance of our agricultural development. The professional association will have to take a considerable part in co-ordinating this field, in the view of Mr. H. H. Hannam, chairman of the Canadian Federation of Agriculture.
>
> Never have we farmers had such need of a strong organization. The part played by an organization like the UCC has now taken an unparalleled significance. The union is the only means the farmer has of acquiring the needed prestige and strength and for obtaining the basic policies that will allow the establishment of a realistic farm economy, adapted to our times.
>
> In conclusion, I would like to quote a sentence in a pastoral bishops' letter on the rural problem: "The U.C.C. will be the sheet-anchor of farmers". That sentence is still true today. Farmers; in your own better interest, join the U.C.C.

[Mr. Pigeon.]

I would ask the U.C.C. to carry on its work of devotion with the agricultural class, in order to encourage farmers' sons to improve their knowledge in agricultural schools.

Co-operatives are the best means of achieving economic democracy. If they are encouraged by farmers, agricultural co-operatives may solve agricultural problems to a very large extent. They can give farmers the economic power wielded by large unions and business magnates.

The only thing which helps farmers prevent outside interests to get control over agriculture, is the setting up of more and stronger co-operatives.

Mr. Chairman, may I point out that agricultural surpluses are not created by the farmers, and to back up that statement, I refer to *Le Devoir* of February 5, 1960. At the congress of the Cooperative federee de Quebec, Mr. Reynald Ferron made a statement from which I want to quote a few sentences:

> He accused some large commercial corporations of being responsible for those surpluses and for the glutting of the markets. Such conditions, he explains, have forced the federal government to modify its price support formula and to adopt another, i.e. the system of deficiency payments.

A little further on, he said:

> He expressed the opinion that, by now, some large industries whose chief interest is to sell mill feed or to dispose of other commodities, look into the future with uneasiness and think of withdrawing from the market.
>
> If farm production remained solely in the hands of bona fide farmers, he said, Canada would certainly not need to spend so much on some form or other of price support.
>
> He stated that it was after representations had been made by farm organizations, like the federated co-operatives, the U.C.C. and, on the national level, the Canadian Federation of Agriculture, that a formula was established which, it is hoped, will rectify those conditions.

Mr. Chairman, during the election campaign of 1958, the Leader of the Opposition (Mr. Pearson) went about the country declaring that the support price for butter was too low, and that it should be raised to 63 cents. On the other hand, during the discussion of the address in reply to the speech from the throne, he stated that this price would be too high.

Allow me, Mr. Chairman, to point out to the hon. member for Drummond-Arthabaska (Mr. Boulanger) that, as from May 1, 1959, until the end of last March, deficiency payments of 25 cents for 100 pounds of milk to be processed in factories has helped our farmers to get an amount of $9½ million until the end of March.

Quebec farmers have received approximately $4,250,000.

I should have liked the hon. member for Drummond-Arthabaska to state his figures more clearly.

Allow me, Mr. Chairman, to say a word about butter in relation to domestic consumption.

In the last four years Canadian production and domestic consumption reached 1,212,597,000 pounds, leaving a slight deficit of 3,700,000 pounds.

In 1953, domestic consumption was 308,674,000 pounds, or 20.88 pounds per capita. In 1948, before the introduction of margarine, the average consumption per capita was 27.73 pounds of butter. There is no doubt that the decrease in butter consumption is due to margarine consumption, averaging 7.46 pounds per capita in 1953.

In Quebec, where the sale of margarine is prohibited, butter production is almost exactly equal to butter consumption.

Mr. Chairman, I am not the one who says this: it is the statement of a farm expert, Mr. C. E. Couture, assistant manager of the Quebec branch of the Quebec federated co-operative.

In that same article, he refers to margarine.

Margarine, that butter substitute, manufactured with vegetable fats and oils, has now become the worse threat to the prosperity of butter industry in particular, and to dairy industry in general. Even if the manufacture and sale of that product are prohibited in our province, we suffer from the detrimental effects of its marketing in the other provinces.

Mr. Rouleau: Margarine is sold even in the province of Quebec.

Mr. Pigeon:

The experience of the last five years has shown that butter is losing the very ground gained by margarine, whose Canadian production has reached 110,266,000 pounds in 1953.

If the butter industry is to survive, it will have not only to work hard at improving the quality of butter, through better techniques for the production of the raw material, the manufacture, handling, stocking and marketing of that product, but it will also have to restrict, with the utmost energy, the development of that encroaching and threatening product, margarine.

Mr. Chairman, I simply wished to underline the policy of the government of the province of Quebec, which has outlawed margarine. It is stated here, Mr. Chairman, in that magazine entitled *Agriculture,* in an article written by Mr. Couture, that in the province of Quebec the marketing of margarine is prohibited, but that the province of Quebec produces nearly exactly the quantity of butter it requires.

Mr. Chairman, I should like also to draw the attention of the house to a brief submitted by concentrated milk producers of eastern Canada to the agriculture committee of the House of Commons. This brief is dated March 29, 1960, and here is what it says:

Mr. Chairman, concentrated milk producers have never asked your government, or in fact any government, more than they needed. Many of us can remember that when the previous government placed a 17 cent support on spray process milk powder, that support was higher than we had requested.

Unfortunately, Mr. Chairman, the hon. member for Drummond-Arthabaska has failed to draw attention to that situation, or to the brief that was submitted by concentrated milk producers, and which contains an indirect criticism of the former government. However, at that time, the Liberal party was concerned only with elections, not with the interest of farmers, and failed to realize that this shortsighted policy of the former government ran against the interests of the Canadian people and created a serious discrepancy between production and consumption. The result was that at one point, the present government was faced with a surplus of over 100,000 pounds of milk powder. Such was the result of the shortsighted policy of the former administration. Unfortunately, Mr. Chairman, the hon. member for Drummond-Arthabaska preferred not to mention those facts, and failed to point them out to the house.

If you read *La Presse* for March 8, 1960, you find that the price of hogs is higher this year.

Mr. David Adams, a representative of western farmers, has indicated that the prices of Canadian hogs will rise this year.

And here is an item which appeared in *Terre de Chez Nous* on January 20, 1960:

Quebec egg producers favoured in 1960.

Here, to say the least, is a piece of good news. Even if over-production and low prices are expected in the first half of the year, Quebec egg producers would be ill-advised to curtail or stop their production.

Conditions prevailing in Quebec offer truly favourable possibilities, according to the poultry industry division of the provincial department of agriculture.

This is what I find in *Le Devoir* of September 11, 1959:

The cash income of farmers increased during the first six months.

The cash income of Canadian farmers reached $1,318,556,000 during the first half of the year. This is a record showing a 3 per cent increase compared to last year.

From January to June 1959, the cash income of New Brunswick farmers was $20,276,000, compared to $22,817,000 during the first six months of 1958; the income of Quebec farmers reached $181,115,000 compared to $180,410,000 the previous year; in Ontario the income of farmers reached $417,541,000, compared to $399,201,000 during the first half of 1958.

This morning, the hon. member for Drummond-Arthabaska criticized the federal farm credit, and blamed the Minister of Agriculture (Mr. Harkness), though, Mr. Chairman—if we look up the French text of *Hansard* for April 13, 1959—he is the same man who, last year, answered the minister:

Mr. Chairman, it is with great pleasure that we heard the Minister of Agriculture (Mr. Harkness) state that he would leave the interest rate at 5 per cent. I commend him for that and thank him on behalf of our farmers.

That is what the hon. member for Drummond-Arthabaska said last year; yet this morning he made a political speech criticizing federal farm credit; whereas, as I said, last year, the Minister of Agriculture had been congratulated by that very man. I also would tell the Quebec farmers and the whole country: "Look what kind of men make up the opposition." The one I am speaking of is a man who lies in the face of the people. He contradicted himself this morning and we find the proof in the official record of the house.

Mr. Chairman, allow me also to refer to a joint brief of the co-operative society of tobacco growers (Societe cooperative agricole de tabac) of the Joliette district, and of the co-operative agricultural society of the Yamaska valley. The brief was sent some time ago to the Minister of Finance (Mr. Fleming) and, I think, also to the Minister of Agriculture.

Allow me to quote a few paragraphs:

Cigar and pipe tobacco producers of the province of Quebec, about 1,600 in number, have been grouped for more than thirty years, in overwhelming majority, under the leadership of two co-operative associations: the co-operative society of tobacco growers of the district of Joliette and the co-operative agricultural society of the Yamaska valley. Since June 15, 1957, all planters have rallied under the banner of the cigar and pipe tobacco producers board, a body operated under the authority of the Quebec Farm Markets Act. Although their occupation is connected with a specialized branch of the farm industry, the general prosperity of a vast area depends to a large extent on the increase or decrease of tobacco production. That is why, through their associations and with the authorization of their respective administrators, producers wish to express their views on the precarious situation of their farm specialty, and are requesting from the federal government a taxation system which would be more in keeping with their interests, as well as with those of the whole Canadian cigar tobacco industry.

I would also point out to the minister that the production of cigar tobacco is centralized in the province of Quebec only and is of capital importance for the constituency of Joliette-L'Assomption-Montcalm, as well as for the economy of the province of Quebec.

[Mr. Pigeon.]

I should like also to say a word about tobacco duties and taxes, in relation to the considerations mentioned in their brief, under the heading: Tax on cigar tobacco.

The duties on cigar tobacco may be classified under two headings: (a) customs duties; (b) excise duties and taxes and federal sales tax.

(a) Customs duties. Those duties affect imported tobacco which we buy mainly from the United States and Cuba. They are of 12½ cents a pound, on unstemmed tobacco leaf, and of 20 cents a pound on stemmed tobacco—that is to say the tobacco leaf stripped of its central vein.

It should be pointed out here that there is a tendency towards gradual decrease in customs tariffs, as shown by the following table:

Change in custom tariff—Non-manufactured cigar tobacco

Year	Unstemmed (pound)	Stemmed (pound)
1936—Budget	$ 0.40	$ 0.60
1948—January 1st	0.20	0.30
1951—June 6	0.15	0.22½
1956—June 30	0.12½	0.20

I would also point out to the house that this procedure of the former government was contrary and seriously detrimental to the interest of cigar tobacco producers of that area of the province of Quebec.

The hon. member for Drummond-Arthabaska, unfortunately, did not want to emphasize those figures this morning. Besides, as an hon. colleague is telling me: "He does not know anything about it".

We might add that the tariff on other types of tobacco (n.o.p.) has remained unchanged since 1948, being limited to 20 cents a pound for unstemmed leaves.

The brief says also:

Finally, it is important to point out that a new tariff item, in force since July 16, 1959—

That is under this government—

—applies to the synthetic envelope from the United States (converted tobacco leaf for use in the manufacture of cigar binders) and provides a tariff of 75 cents a pound.

Besides, I already had the opportunity, right at the first session, to make some remarks on this matter in this house.

(b) Excise duties, federal excise and sales tax. First, we must point out that in April 1959, the federal government increased excise duty, by $1 per 1,000 cigars, and the federal sales tax by 1 per cent.

I would also ask, if it is possible, that the Minister of Agriculture, in co-operation with the Minister of Finance, undertake a wholesale revision of the duties and taxes on cigars, as a measure of encouragement for this production in the province of Quebec.

I ask also the government to increase the customs tariffs on unmanufactured, unstemmed and stemmed cigar tobacco.

Mr. Chairman, I would not want to conclude my remarks without saying a few words about the situation of producers of cigarette tobacco in the province of Quebec, whose yearly production is about five and a half million pounds.

If I may be permitted, I would like also to have three tables put on record: first, a table entitled "A few statistics on the tobacco industry"; second, "Production costs of a 50-acre flue-cured tobacco crop"; third: "Capital costs of a 50-acre flue-cured tobacco farm".

Those tables are rather brief and they are official because they have been published by Mr. Conrad Turcot, head of the tobacco division of the government of the province of Quebec.

Therefore, I ask the house to allow me to put these tables in *Hansard*.

Mr. Brassard (Lapointe): We have no objection.

(Text):

The Deputy Chairman: Does the committee consent to the hon. member tabling the documents in *Hansard*?

Some hon. Members: Agreed.

The Deputy Chairman: May I ask the hon. member how long they are?

Mr. Pigeon: Very short.

The Deputy Chairman: Does the committee give unanimous consent?

Some hon. Members: Agreed.

[*Editor's note: The documents above referred to, follow:*]

(Translation):

TABLE 1.—A FEW STATISTICS ON THE TOBACCO INDUSTRY

	Production in Quebec			Products manufactured in Canada		
—	Cigar tobacco (lbs)	Pipe tobacco (lbs)	Flue-cured tobacco (lbs)	Cigars (number)	Cigarettes (number)	Cut tobacc os (lbs)
1935.....	3,443,000	2,522,000	25,000	120,508,000	5,324,953,000	19,803,000
1936.....	4,824,000	4,233,400	53,600	119,827,000	5,607,228,000	20,589,000
1937.....	5,852,000	2,255,000	330,000	129,873,000	6,724,333,000	22,439,000
1938.....	6,200,000	2,800,000	1,500,000	132,715,000	6,899,735,000	22,757,000
1939.....	5,190,000	3,659,000	4,120,000	135,825,000	7,163,433,000	24,710,000
1940.....	4,693,800	4,014,200	4,436,300	165,455,000	7,831,312,000	26,699,000
1941.....	4,082,500	2,508,000	2,950,000	196,724,000	9,548,461,000	26,020,000
1942.....	4,199,000	1,275,000	4,000,000	206,486,000	11,966,459,000	26,243,000
1943.....	2,270,000	466,800	3,764,000	200,370,000	13,591,320,000	24,809,000
1944.....	2,976,000	2,050,800	3,391,000	198,512,000	15,484,605,000	24,263,000
1945.....	3,300,000	1,950,000	4,141,000	207,861,000	17,684,707,000	26,234,568
1946.....	5,435,000	2,395,000	3,865,000	220,994,000	14,866,931,000	25,562,717
1947.....	3,729,000	1,675,000	3,536,000	214,745,000	15,687,127,000	25,404,039
1948.....	8,402,000	1,000,000	4,351,000	210,335,000	16,071,779,000	26,337,329
1949.....	2,750,000	1,820,000	2,250,000	207,213,000	17,053,442,000	26,202,733
1950.....	4,500,000	1,145,000	3,900,000	198,207,000	17,311,062,000	26,794,763
1951.....	3,728,000	1,056,000	3,846,000	169,408,000	15,816,166,000	28,095,415
1952.....	2,700,000	1,342,000	4,260,000	201,517,000	18,037,268,000	31,635,023
1953.....	3,400,000	1,149,000	4,886,000	236,248,000	21,156,092,000	26,124,760
1954.....	5,000,000	1,040,000	4,900,000	240,520,000	22,425,791,000	25,124,638
1955.....	5,800,000	1,350,000	5,760,000	257,233,000	24,864,332,000	24,149,936
1956.....	5,081,000	425,000	4,900,000	260,900,000	27,343,996,000	21,588,083
1957.....	3,925,000	775,000	3,662,000	283,706,000	30,394,576,000	20,736,605
1958.....	3,331,885	497,000	4,850,000	319,595,000	32,777,576,000	21,608,808
1959.....	5,000,000	1,150,000	5,000,000	303,788,000	33,130,959,000	21,706,679
25-year average.....	4,040,000 lbs.	1,780,000 lbs.	3,570,000 lbs.	206,000,000	—	24,625,000 lbs.

N.B.: Quebec production figures for 1959 are subject to revision.

TABLE 2.—PRODUCTION COSTS OF A 50-ACRE CROP OF FLUE-CURED TOBACCO

Expenditures	Cost	
	Per item	Total
	$	$
Wages:		
Producer: 9 months at $200	1,800.00	
Spring preparation: production of greenhouse seedlings, plowing, harrowing, spreading of Aldrin insecticides and fertilizers, transplanting	600.00	
Hoeing and weeding	500.00	
Topping and suckering	600.00	
Miscellaneous (mid-season): fertilization of rye fields, plowing in of rye crop, poisoning of hornworm, crop preparation (sleds, lattices, etc.)	50.00	
Irrigation: 22,000 gal. of water per acre, one application only	100.00	
Harvest (25 dryers):		
Picking and feeding tobacco into dryers ($145.00 per kiln)	3,625.00	
Splitting and stacking in warehouse ($12.00 per kiln)	250.00	
American curing expert:		
Wages (6 weeks at $100.00)	600.00	
Board (6 weeks at $15.00)	90.00	
Travelling expenses	35.00	
Packing of crop (including grading)	1,500.00	
Fall preparation: stem cutting, rye sowing, spreading and plowing in of 50 truck-loads of farm manure, storing of various accessories, etc	200.00	
Maintenance of greenhouses (snow removal)	50.00	
		10,000.00
Other production items:		
Renewal of greenhouse panes	50.00	
Greenhouse compost	50.00	
Chemical fertilizers (purchase and transportation): tobacco and rye	1,800.00	
Farm fertilizers	500.00	
Insecticides: purchase of Aldrin and D.D.T.	125.00	
Fuels:		
Disinfecting green houses	50.00	
Crop curing	1,500.00	
Crop packing	75.00	
Insurance:		
Hail (15 per cent of $6,000.00)	900.00	
Employees (labour accidents)	36.00	
Fire-house ($4,000.00)	24.00	
Fire-8 kilns ($4,000.00)	130.00	
Fire-warehouse ($4,000.00)	110.00	
Fire-tobacco in 8 kilns ($8,000.00)	260.00	
Fire-tobacco in warehouse ($20,000.00)	500.00	
Gasoline and lubricants: rolling stock	400.00	
Gasoline and lubricants: irrigation (one water application only)	90.00	
Horses (rented)	100.00	
Electricity on farm	50.00	
Delivery of crop to Joliette	100.00	
Repairs and unforeseen expenses	1,000.00	
Interests and banking costs (short term loans)	150.00	
Car: farm administration and employee transportation	300.00	
Miscellaneous taxes	200.00	
Depreciation	2,000.00	
Interests on invested capital	2,000.00	
		12,500.00
TOTAL		22,500.00

Therefore, the production cost is established at 45c. a pound for a good normal crop of 50,000 pounds of flue-cured tobacco.

TABLE 3.—CAPITAL COSTS OF A 50-ACRE FLUE-CURED TOBACCO FARM

1.—Land (acreage more than doubled, taking into account cultivated area, building sites, etc...):		
150 acres (equipped with wind-breakers and irrigation pond)		$ 15,000.00
2.—Buildings:		
1 house (residence)	$ 7,000.00	
3 greenhouses (100 by 25 feet) at $1,300.00	3,900.00	
8 kilns (oil or propane heated) at $1,600.00	12,800.00	
1 tobacco warehouse with steam easing rooms and packing rooms	5,000.00	
1 sheet metal storage shed (for agricultural implements)	750.00	
Other outbuildings, miscellaneous	250.00	
1 water-tank for greenhouses	300.00	
		$ 30,000.00
3.—Rolling stock, agricultural implements and tools:		
1 tractor—30 H.P. (general utility)	2,000.00	
1 tractor—21H.P. (equipped with weeders)	1,400.00	
1 used truck (general utility)	500.00	
1 4-wheel wagon with large platform	250.00	
1 tractor-driven plow	200.00	
1 harrow (disc)	200.00	
1 insecticide sprayer (animal drawn)	175.00	
1 transplantor, equipped with a chemical fertilizer spreader	325.00	
3 small weeders, animal drawn	50.00	
1 stem cutter (tobacco)	100.00	
1 farm manure spreader	300.00	
1 chemical fertilizer surface spreader (rye and tobacco)	150.00	
1 metal tank, 1,000 gallons (transplanting, etc.)	100.00	
40,000 tobacco slats	1,200.00	
1 15-H.P. boiler with accessories (compost disinfecting)	600.00	
3 tobacco presses and boxes (tobacco packing)	100.00	
1 portable irrigation system with accessories	7,000.00	
Miscellaneous: saw-benches, scrapers, planters, scales, thermometers, sleds, tables, etc.	350.00	
		$ 15,000.00
OVER-ALL TOTAL		$ 60,000.00

(Translation):

Mr. Pigeon: Those figures help prove that the tobacco companies have to pay a fair price to the planters, so that they may have a fair share of the national income.

And for the information of the house—it is not an historical fact, but it happened nevertheless under the previous government, when cigarette tobacco growing was started in the province of Quebec—I will recall that it was opposed very vigorously by some officials of the Liberal government.

That is the way, Mr. Speaker, in which the people of the province of Quebec, the Quebec farmers, were treated.

(Text):

The Deputy Chairman: Order. I am sorry to interrupt the hon. member but his time has expired.

(Translation):

Mr. Boulanger: Mr. Chairman, I want to ask the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) a question, if I may.

He said in his speech that the sale of margarine was prohibited in the province of Quebec—

An hon. Member: Certainly.

Mr. Boulanger: Can he explain to us how it happens to be sold in the province of Quebec?

Mr. Pigeon: First of all, can you prove it?

Mr. Rouleau: Yes, we can prove it.

Mr. Pigeon: Second, do not forget that it is being sold in other provinces.

Mr. Rouleau: Any chain groceteria or store sells it.

Mr. Pigeon: That is somewhat like smuggled-in cigarettes. You remember that they were coming in by the truck load under the former government.

Mr. Boulanger: We are discussing the fact that a law prohibits the sale of margarine in the province of Quebec.

Mr. Pigeon: Is there not also a law against the infiltration of American cigarettes? It is the same thing.

(Text):

Mr. Winch: Mr. Chairman, like all hon. members, the minister has a general interest in all affairs which affect the Canadian economy but because of his position in the cabinet he of necessity has a particular interest in the problems of agriculture. It is because of his position as Minister of Agriculture that I should like to take this oppor-

tunity, on the first item in his estimates, to ask both for his consideration of and comments upon a problem which in our estimation, because certain policies have been allowed to go unchecked, is proving a serious detriment to agriculture directly, to the agricultural industry not quite so directly, and is indirectly affecting all other aspects of our economy and business itself.

I have mentioned this particular problem briefly during this session and now, when there is an opportunity to discuss it with the Minister of Agriculture, I should like to go into it in a little more detail. I have reference to a dual policy which up until now has been allowed to go completely unchecked by either this or the previous government. I refer to companies outside of Canada, in particular companies in the United States, being permitted to purchase outright fruit and vegetable canneries in this country and to close them down as far as all operations are concerned, thereby blocking out completely the purchase of Canadian agricultural produce, blocking out completely the employment of Canadian workers and, as far as their operations are concerned, the opportunity of Canadian consumers to buy produce grown and processed in Canada.

I know for a fact that this policy has been in operation for some time in British Columbia, in Ontario and in at least one important place in the province of Nova Scotia. United States companies have bought out Canadian companies and have closed up the industries, retaining only two things, namely the incorporation and the name brand. It is now the practice of those United States companies to process the production outside of Canada, to can it outside of Canada, to ship it into Canada and then place a Canadian brand name on the product. I gave some examples of that in this House of Commons some three weeks ago where fresh frozen strawberries sold under the well-known Canadian brand name of York were not Canadian. They came in one instance from the United States and in the other from Holland. I gave a further illustration of tomato juice being sold in Canada under a Canadian name brand but which was produced and canned in the United States.

I say there is a general application of the policy of United States companies buying out Canadian companies and following that procedure.

There is also another policy which has gone unchecked about which I have not made mention before. Well known, long established large wholesale distributors within a province are being bought out by large financial and chain stores who, after the purchase, operate them wholly and solely under their original names and original brands. That is, they follow a practice along the same lines as that which I have previously mentioned. Goods produced outside this country are processed outside this country and then sold in this country under the known provincial brand, although most people do not realize that those companies no longer operate under the original ownership but are part and parcel of big financial interests and financial chains.

I say this is a problem in Canada. It has resulted in a loss which I am going to estimate as being in the neighbourhood of many, many millions of dollars to our agricultural producers and to the industry which necessarily follows success in agriculture.

I know this is the general effect across Canada, but I want to speak in particular of the province of British Columbia of which I have the honour to be one of the representatives in this house. In the past the Fraser valley has been, among other things, famous for its production of strawberries, not only for the consumer market when they are picked fresh but also for canning and frozen purposes. That situation no longer exists. To a great extent that marvellous production of the past is now dead because of the two policies I have just mentioned and because the canneries no longer exist. Instead of strawberry jam and fresh frozen strawberries from the famous Fraser valley being sold under the York brand we now get imports from the United States and Holland. To me there is something blatently nonsensical about that situation.

But let us go on to something that, important as the strawberry crop is, is of even greater value to the people of British Columbia. In that regard I wish to refer to the world famous Okanagan valley which I maintain is one of the finest areas not only in Canada but in the world for the production of fruits, small fruits and vegetables. Until a few years ago there were 15 or 16 large canneries operating in the area from Lillooet on the north down the Fraser to Lytton, Ashcroft, Kamloops and Chase and in the actual Okanagan itself at Vernon, Rutland, Kelowna, Summerland, Oliver, Keremeos, Osoyoos and Cawston.

Today there are only two vegetable canneries left of any size and I am informed by the operators that the operations of the remaining two are declining rapidly. Why? Not only was this a marvellous area and can continue to be for the production of beans, beets, pumpkins, asparagus and so on but it was also a wonderful tomato belt. These canneries operated not only because of these other vegetables but were primarily required for the processing of tomatoes. However, because of the two policies I referred to a few

minutes ago there are now only two canneries operating and their operations are diminishing. This has come about because of the purchase by United States interests of our canneries in British Columbia and the fact that they have closed them and because of the purchase of the wholesale distributing companies by national chains and big financial interests who have done this for some reason or other although they claim they love Canadian enterprise. They are importing agricultural products from outside our country with the result that the agricultural producers of British Columbia and the industries associated with agriculture have suffered very severe losses.

Surely the reduction from 16 canneries to two shows what has taken place. I admit that until some two and a half weeks ago I did not know how serious the impact was. I received by air express cans of tomato juice purchased by a citizen in the city of Vernon in the heart of the Okanagan and the tomato growing region. I do not know how well the Nabob name is known in eastern Canada but it is certainly known in western Canada. There was a can of Kelly Douglas tomato juice packed in the United States by Nabob. Then there was a can of Malkin tomato juice. The Malkin name is as well known in British Columbia as Nabob or Kelly Douglas. Again this was tomato juice packed in the United States for the Malkin company of Canada. Yet this tomato juice was being sold in the city of Vernon where one of the remaining canneries is located. The president of that company, in a letter to me which is not marked confidential, informs me that on the basis of his lifelong knowledge of the Okanagan and the industry as a producer and packer it is his conservative estimate that the policies about which I am now complaining are resulting in a direct loss to Okanagan agricultural producers and labour of not less than $5 million annually.

I know that the minister has at least some interest in this matter because the information branch of the department issued a release on the 14th of this month and I should like to quote from it.

The agricultural stabilization board has been authorized to provide assistance to the growers of tomatoes in British Columbia in the form of a payment of $8 per ton for No. 1 cannery tomatoes and $5 a ton on No. 2 cannery tomatoes marketed from the 1960 crop, agriculture minister Douglas S. Harkness announced today. Mr. Harkness said the assistance, which has been provided to British Columbia tomato growers since 1958, would not be extended after 1960.

He noted that while B.C. tomato production had been subsidized by assistance payments of $109,000 in 1958 and $38,000 in 1959, the contracted tomato acreage in the province had declined by more than 50 per cent between 1957 and 1959. Further, while B.C. tomato production represented only about 6 per cent of the Canadian output of processed tomato products, the producers in other areas have been able to carry on their operations without assistance under the stabilization act.

He stated that under these circumstances continued government subsidies to B.C. tomato growers could not be justified. Assistance had been approved for 1960 only for the purpose of permitting producers to make any necessary adjustments in their future plans, and support under the stabilization act would not be available after this year.

It is quite obvious that is the end of assistance as far as the tomato growers of British Columbia are concerned. But, Mr. Chairman, the date of that announcement was the 14th of this month and my information from the producers and canners of the Okanagan is that April 14 was too late to make this known to them and that they cannot do any planning now for the increasing of acreage or with a view to reopening any additional canneries. They say that not only is it too late now for anything of major significance to be done to bring back that segment of agriculture in the Okanagan but the fact that the door will be closed after this year is a further blow.

I know that all of us are grateful that there is going to be some assistance this year, but what did it amount to last year—thirty eight thousand dollars. The important issue is, what is contemplated by the minister and the government to reclaim agricultural production and cannery operation so far as tomatoes are concerned, to name just one field? If we lose out as far as tomatoes are concerned then we will also lose so far as the production and canning of other vegetables is concerned. All that is left, therefore, is the fresh vegetable market.

When we have statements made, I would take it by very responsible officials of Boulman's Limited that they are losing out now to the extent of over $5 million a year as a result of this policy of foreign ownership, control and incorporation but selling under Canadian brand names, then I think we who are interested in the development of agriculture in Canada and processing in Canada as well as consumers being able to support products which are grown and processed in Canada through their purchases, should ask the minister at this time what consideration he has given to the impact of the two policies about which I have been speaking for these past 15 minutes; what interest he has shown in them and what action he is taking or contemplates taking to renew and revive the agriculture and canning industries in Canada. This problem not only affects British Columbia and Ontario, but within the last three weeks I have found that the system is now going into effect in Nova Scotia.

This is a creeping disease which has to be stopped and only the government can do it. I realize there are many difficulties in the way. I realize there are many problems, but they will have to be tackled, even if it means going to the extent of charging for the use of the brand name of Canadian companies which are bought up and closed out and using that money to assist agriculture in other directions. If we are going to have outfits like Kelly Douglas doing what I say they are doing, and about which I got the evidence sent me by express the other day, then they too will have to be made to contribute in some way or other toward the assistance of agriculture in other directions.

If no policy is going to be laid down to recapture what we are now losing, then I say this is indeed a serious matter and something which should never have been allowed to go unchecked as long as it has. I sincerely hope the Minister of Agriculture will have something to say about this, some good and constructive information to give us as to his policy for the protection and enlargement of agricultural development along the lines I have been mentioning.

Mr. Nielsen: Mr. Chairman, it may seem strange to many that I, from the far north and the far west, should rise in this committee to speak on agriculture. Apart, however, from what was said about the dominion experimental farm at Haines Junction, Mile 1019 on the Alaska highway, some years ago, there has not been a word said in the house or in committee about agriculture in the Yukon since the Yukon has had a seat in this house. I propose, first, to deal with the possibilities of mixed farming in the Yukon, and to make a few suggestions as to how this can be achieved. I also admit freely at the outset of these remarks that I am certainly no expert on agriculture, nor a farmer. The information I have gleaned has come, however, from experts and from those who are undoubtedly acquainted with agricultural problems in the north. I will be making remarks about certain negative attitudes on the part of government administrators in the north in so far as the development of agriculture there is concerned.

Agriculture has an important part to play in the development of the Yukon. People, wherever they are, must eat. Virtually all the foodstuffs consumed in the Yukon must be shipped in from the outside. In addition to the climatic severity, Yukon residents are penalized by a certain isolation from the rest of Canada. Modern facilities for travel and communication have reduced this isolation factor to a minimum, but the high cost of importing food still remains. Much will be done to alleviate this with the increase in the development of agriculture. A thriving local agriculture industry in the Yukon could supply much of the beef, pork, poultry, eggs and common garden crops now consumed there. With proper management it would be possible to supply local markets with fresher and higher quality produce. Eliminating the roughly 1,500 mile freight haul from outside points would result in a saving to the Yukon consumer both in quality and in price. There would be less danger of food shortages brought on, for example, by longshoremen's strikes at our only port of entry on tidewater at Skagway, although there is the port of Haines which is seldom used.

Agriculture would also lend stability to the economy of the country in this way: Farmers are generally good citizens. They attempt to build homes for their families and businesses for their sons. They must keep abreast of the times in order to survive, and in doing this they show an interest in their community and in the country as a whole. The permanent settlement of the Yukon could be aided considerably by agricultural development. Of lesser importance, yet nevertheless significant, would be the labour required for the building up of farms. There would be a demand for such skilled labour as carpenters, heavy duty operators, mechanics and, later, a demand for unskilled labour.

Much of the native population, now more or less unemployed, could be utilized as unskilled labour on the farms as they develop. Work on or about farms would give natives a chance to obtain better food and living conditions than they now enjoy, and heaven knows the standard they are now experiencing is low enough. With some training and experience gained working on farms some Indians could very easily become good farmers. This could work in well with the government's program of training the Indian people. At present those people interested in agriculture are apt to be a bit scarce. There are, now, only two possible sources of such men. One source would be the natives who have worked on farms, both private farms and the experimental farm. You might find some natives, also, amongst those who have worked for the big game guides who would be interested in livestock production. The second source would be the native schools.

The men from the first mentioned source would be older and better able to judge whether farming could hold their interest. They may also be inclined to let things slide along the way they are and look to the government for support whether or not they work. The group from the schools would be younger and would learn more easily. They

might be given encouragement and counselling before leaving the schools. The government, in co-operation with private farmers, could select a few likely candidates and introduce them to the art of farming. It might be possible to work out some scheme whereby the government could give the farmer some assistance with wages and the farmer could supply room and board and training for these natives, in much the same fashion as the on the job training that has been provided by the Department of Labour and the Indian affairs branch of the Department of Citizenship and Immigration.

If this proved satisfactory the natives, after becoming basically familiar with life on the farm, could be given additional training in agriculture. It is unlikely that there would be sufficient interest at first to justify an agricultural school in the Yukon, but interested students might be sent to schools such as the Olds and Vermilion schools of agriculture in Alberta. If there were sufficient interest, various short courses in agriculture might be instituted for the special training of these natives. Courses in mechanics and machinery maintenance were given at the Alberta school of agriculture to Indians and Eskimos from the Northwest Territories.

I believe that local farmers would be willing to co-operate in such a program. Most of these hire some native help during the heavy work periods. While the farmer is unable to afford year-round unskilled labour he would have work enough or be willing to train a native if he had some assistance with wages. If candidates that were genuinely interested in agriculture were selected for such a training program, they could become quite successful farmers. If a few natives got a start in farming it is unlikely that others would not follow their example. Such a program could be of great assistance in solving the native problem in the Yukon. It requires co-operation, I would suggest, between the two departments.

Agriculture in the Yukon is an economically sound venture and is advantageous to the country as a whole. Before I rose to make these few remarks one or two of the hon. members in the chamber here tempted me by saying that all we could produce in Yukon was perhaps onions, potatoes and a few stunted trees. I took it as a joke because I know those who make such remarks are joking and that they have not been to Yukon in order to see for themselves.

One of the sources or in fact the main source from which I am obtaining the technical information which will be following in my remarks is from one of two brothers who operate a farm in the Yukon called the Pelly ranch. The brother with whom I correspond and of whom I speak and from whom I get my information is a gentleman by the name of Hugh Bradley who is a Bachelor of Science having graduated from the University of Alberta and the other brother is a graduate of the agriculture school in Vermilion, Alberta. These two lads have farmed in the Yukon since 1954, have kept very accurate records of their production and have formed a few ideas, many of which I will be stating here, on how agricultural development should be going in the Yukon. So when I say that agriculture is economically sound, I am not just stating a possibility or a thesis; I am stating a fact because there are economic farms in the Yukon but they are having their difficulties.

Why then are there not more farmers in Yukon? One reason is the lack, among people who may be interested, of knowledge of conditions and opportunities in the Yukon. Most Canadians still think about the Yukon in the terms of the writings of Robert Service, Jack London, Rex Beach and the like. Much has been done recently to publicize our part of the country but much remains to be done. We are endeavouring to sell Yukon to the rest of the country and we must do so if Canada is to derive the advantage of her development.

Our territorial government in the Yukon, in my view, should show some positive action in this direction. In the past the attitude of both the administrative and legislative bodies has been apathetic or negative. Our chief administrator, known as the commissioner of the Yukon Territory, let it be known on several occasions that he thought and still thinks that any attempt at agriculture was and is foolishness and that assistance would have to come from the federal Department of Agriculture. With this latter part of the commissioner's statement I agree but with his negative attitude toward the development of agriculture in the Yukon I most emphatically disagree. Official encouragement could possibly have influenced private individuals in years past to start farming in the Yukon. Official endorsement and aid would certainly have helped. That official endorsement and that official aid has not been forthcoming and has yet to be forthcoming.

If no interest is shown by the local government so-called—and I call it local government so-called because there is still much to be done in the way of leadership by the commissioner and those about him—why then should we as a federal government be interested? Nevertheless, the federal government was sufficiently aware of the need to establish three experimental farms in northern Canada. The station we are concerned

with is at Mile 1019 on the Alaska highway and is now an experimental farm. Results of experiments carried out on this farm are available. These reports clearly show that an agricultural enterprise in the Yukon is possible; that crops will grow; that livestock will survive and multiply; that garden crops can be produced. The continued existence of private farms and results obtained at the experimental farm show that agriculture is feasible from an economic standpoint as well.

The territorial government should be interested in the development of agriculture and indeed it has expressed that interest in the session of last year—in 1958—when they passed a resolution calling for federal financial assistance in the setting up of a committee to assess the agricultural possibilities in the Yukon and the methods of developing the area. To my knowledge no federal action has been taken on that request of the Yukon legislative council. The present council is showing great interest in the development of agriculture, but this has not been so in the past. The council could assist in many ways. The cheapest form of assistance would be an information service. There could be a main source of supply from which people who may be interested could obtain information. There should be a main source from which people could obtain estimates of amount and location of land, costs and prices, climatic conditions, production data as far as is known, populations, markets, regulations governing the sale of farm products, taxes and licences required and many other factors. To obtain such information now you must trot from one department to another all over the federal building in Whitehorse and finally end up at the office of the chief administrator who, I informed the committee a moment ago, is the commissioner and who thinks it is all foolishness. Our commissioner just does not know or just does not care to find out.

The territorial and federal governments should be interested enough in the development of the country to assist in road building to agricultural areas. Many of the best areas for farming are now rather inaccessible. It will be rather difficult to encourage settlement of these lands unless there is some promise of accessibility. Agriculture is just as much a resource as are the mineral deposits in the land. The government is making great strides in opening up and making accessible mineral land. The same approach should be made to the opening up and making accessible of farm lands.

The federal government should be able to do something about the most deplorable situation which exists with regard to obtaining agricultural land. This situation is in a terrible mess. Picture, if you can, a farmer who wishes to commence his operation in the Yukon being faced with the requirement to pay $30 an acre for his land before he can commence farming. It should be possible to arrange some terms for deferment of taxes and purchase price until the farm can become established. Much of this might be beyond the jurisdiction of the territorial government, yet they should be heard on the subject. They are in a position to bring certain pressures to bear on the proper agencies. They should at least try.

Of direct assistance to farmers the federal government might undertake the following projects in the Yukon:

1. A caterpillar tractor of no smaller than D-6 size with equipment for land-clearing and breaking should be made available for the use of farmers. The government could in the interests of agriculture supply the "cat" and transportation for it. The farmer could cover the cost of the fuel oil and the operator. Such a program would have to be planned in advance so that the machine could be used to the greatest advantage. Work in each area would have to be arranged so that the "cat" would spend a maximum amount of time working and a minimum of time in transit. This program might be patterned somewhat after the project of the Alberta government in farm land clearing in the Wanham area of the Peace river district.

The land clearing project would have to be administered by the government. In this regard there is need for a full time extension man in the Yukon. I would suggest an employee of the Department of Northern Affairs and National Resources with an extension office located at the experimental farm at Mile 1019. Location at the farm would to best, since such a man would have to work in close co-operation with the Department of Agriculture. This man could administer the plan mentioned earlier in regard to natives in agriculture. He would organize and administer land clearing projects and land settlement. He could also report to the farmers the findings of the experimental farm and advise the staff there on new research projects farmers would like to see undertaken. Another part of his job could be the planning and planting of lawns and gardens in the Whitehorse area.

Another way in which the government could aid farmers is in connection with freight subsidies. For example, the cost of freight on fertilizer amounts to about $130 per ton. High freight costs such as these virtually prohibit the use of fertilizers and limits the use of livestock and poultry supplements. Freight nearly doubles the price of farm machinery in the Yukon. Such a situation

does not encourage agricultural enterprise. Most provincial governments give some aid along these lines to settlers in fringe areas. Some such program should be instituted to aid Yukon farmers.

A fourth form that government aid could take is indirect, but it would be of great benefit to the Yukon farmer. I am referring to realistic support of the experimental farm. I am not criticising what has been done. Much valuable work has been accomplished, but there are some fields that have been neglected because of insufficient technical staff. It has been ten months since the tragic death of the farm superintendent at mile 1019. This seems an over long time for even the civil service to find a replacement. The position should be re-examined and if necessary re-classified to make it sufficiently attractive to interest and hold a high calibre man, since it is a position of utmost importance to Yukon agriculture.

Perhaps it is because of the recent reduction in the isolated post allowances that it has been difficult to find a man to adapt himself to life and work on the experimental farm. If this is the case, it must be deplored that the interdepartmental committee on isolated post regulations found it necessary to recommend such a reduction in this allowance.

The field of animal science is the most important field to Yukon agriculture yet there has been no technical staff in that field there long enough to do any important research. The new superintendent might well be an animal science man. My understanding is that the person who will be going to take over the farm at the end of this month is a soil expert. If that is so, it is most important that a research officer in animal husbandry be appointed soon. The following topics might be suggested for research in this field: research in pastures; the best species or mixtures to use in planted pastures; carrying capacity of planted and native pastures; assessment of native pastures from both carrying capacity and nutritive standpoint; best management practices for tame and native pastures; livestock insect pests. Winter feed: hay planted versus native; species yields and nutritive properties; relative merits of hay; straw and bundles for winter feed; study of mineral and vitamin supplements that may be necessary when using local feeds; silage for winter feed. Is silage the way to beat the unfavourable haying season we have? Is there sufficient moisture in our crops to make good silage? What crops and mixtures can we grow for best silage? Housing: do cattle significantly do better when they receive warm housing? Can open shed housing be used satisfactorily? What about housing against black flies in summer? Research in hogs, poultry, dairy cattle and sheep—these would come as minor projects and are listed in order of importance. The reason they would be of secondary importance is their relatively larger demands for concentrates which are harder and more expensive to produce.

Climatic conditions make crop production alone a marginal venture, but in conjunction with livestock production it is important. Any research which will lead to production of more and better feeds will be most helpful. Variety trials should be continued. Field management experiments should be expanded, since there is much to be learned about rotation, fertilizers and tillage practices in relation to the north. There is room for work in drought tolerant and frost tolerant varieties. Farmers will want to know the best methods of breaking and preparing land in this area, also to what extent irrigation will be economical. Forage research is very important. We have only one legume that is dependable, and even it has serious drawbacks. Much more selection and breeding work is needed. Some attention need be given to introduction and adaptability of new species. There should be experiments with silage under our conditions.

There should also be sufficient staff on the experimental farm to permit off-station work. Crops and practices suitable for the Whitehorse area may not be suitable for Mayo and Dawson city. As more farms are established more off-station work will be required. It would be an advantage to have information available for the use of prospective settlers. It is important to have some correlation of meteorological data. To illustrate the variability over the territory, Dawson city has a frost free period of 78 days; Mayo, 64 days; Snag, 51 days; Watson Lake, 85; Whitehorse airport, 78. Undoubtedly there will be a wide variation in precipitation, and mean temperature conditions should be investigated near all centres of population and in as many good farming areas as possible.

Horticulture may not be of prime importance to farmers, yet more people will be growing kitchen gardens. There should be research along these lines. Farmers will be interested in easily grown horticultural crops such as potatoes. Early drought tolerant varieties adapted to Yukon conditions should be produced.

It is hoped that the federal government will see that the experimental farm has sufficient staff to carry out these and other important research projects. There is a large investment in land, buildings and machinery, a very large investment; now let us have personnel to turn out some badly needed information. Of prime importance, perhaps

before any of these things are undertaken, should be a careful assessment of the available arable land in the Yukon.

The future of agriculture will depend greatly on the development of the rest of the territory. The Yukon will never become primarily an agriculture area. However, farming will be a basic industry. Even the present population would benefit greatly by the presence of more farms. As the population increases, so will the need for farms increase. Yukon agriculture should aim at the production of high quality produce. In the future there will likely be an outlet in Alaska for our produce. To ensure maintenance of quality, to protect producers and consumers, the government should institute inspectors and inspection services as soon as possible. There should be restrictions on imports to protect the growth of the industry. Diseased potatoes have already been imported from Alaska. This could seriously injure any future potato production in the Yukon.

The relative isolation of the Yukon and of farms in the Yukon will make it possible to grow highest quality seed for export. Isolation is required for the production of cross-pollinated forage seed. In dense farming areas it is almost impossible to plant pure varieties because of this. The Yukon could make much use of this feature.

Longer hours of daylight in our northern latitudes favour flower and seed formation. For example, Russian wild rye grass will not head out and set seed in North Dakota because of shorter days. It seeds well in the Yukon, so in the future a good export business may develop. Winter hardiness of crops which will survive in the Yukon will be another selling point. There is a strong possibility of exporting seed to countries of similar latitude in Europe. To go along with this idea, seed production is favoured by mixed farming and the Yukon will most surely be a mixed farming area.

In the future there will be smelters in the Yukon. Many by-products of smelters are converted into fertilizers. Fertilizers alone form a large part of the income of mining companies. A ready market for their by-products would be a help to smelters and a source of fertilizers near at hand would be a help to farmers.

Storage facilities, slaughter houses, inspection services, expanded markets will all go together to ensure that the Yukon consumers get fresh, top quality locally raised produce. We will be able to break an egg in the frying pan and be reasonably certain that it was laid this year. As the Yukon grows so will farming grow.

[Mr. Nielsen.]

All this points to a healthy, more stable economy and to the need for a greater understanding and appreciation of the development of Yukon agriculture both at the federal level and more particularly at the administrative level in the Yukon. There must be something more at the administrative level, at the level of the commissioner, in the Yukon. There must be leadership at the administrative level in the Yukon to ensure that this development will occur. There must be the will to encourage agricultural development. There must be a strong desire at the administrative level in the Yukon to assist in that development. Negativism must be banished. There are great possibilities in the Yukon for the development of agriculture and if the Yukon is expected to support a large population in anticipation of the development of industries in the north, then planning should commence now and not ten years hence for the development of an agricultural industry which will sustain that population.

Mr. Badanai: A few weeks ago the Prime Minister said something about the agricultural policy of the government and the statements he made interested me very much, especially when he referred to that portion of the policy which he enunciated in 1959 to the effect that the government was engaged in a comprehensive study and review of the Canadian Farm Loan Act as a means of meeting the small farm problem, etc. Then he went on to say, and I quote from *Hansard* of March 4, 1960 at page 1766:

> We believe that agriculture is one of the most important sectors of the Canadian economy; that the prosperity of agriculture is an integral part of Canadian prosperity; that governments do have a responsibility in a constructive and effective manner to strengthen Canadian agriculture for in doing so the economy as a whole is strengthened. We believe that the national interest can best be served if we endeavour to do our utmost to develop efficiently and economically our resources, including agriculture; that farmers should have continuing opportunities to earn sufficient income to enjoy the benefits of our rapidly growing economy and the rising standards of living enjoyed by the population as a whole; and that a reasonably high and stable level of farm income is an essential prerequisite to a high level of employment and income in Canada generally.
>
> We take the stand, and have, that government action to help Canadian agriculture to help itself is in the Canadian tradition of self-reliance and that government action primarily designed to provide and round out opportunities for farmers to do well on their own is a desirable objective.
>
> Some of the agricultural problems are national in scope while others are regional. The policies that we have followed have been designed to deal with problems where they occur.

I do not think anyone would quarrel with a policy designed to deal with problems where they occur, be they national or regional, but what about the implementation

of this regional policy enunciated by the Prime Minister? The district of Thunder bay has yet to benefit from such policy.

I complained on several occasions at the lack of consideration for the farmers of the Fort William district. The Prime Minister said in effect that the Canadian Farm Loan Act would be amended to better facilitate assistance to small farmers. It seems to me that it is not so much the revision of the act that is important—the name was changed, I believe—but rather the implementation of the act by the officials in the field. That is what is important.

I have said previously and I say again that unless a farmer in our district has sufficient collateral to show it is next to impossible for him to secure a loan to enable him to develop efficiently and economically the agricultural potential of his holding. For some years there has been considerable discontent among the farmers in the lakehead area, the Thunder bay district. Many Thunder bay district farmers had a very difficult winter following one of the poorest growing seasons in many years. Grain crops were 62 per cent below those of 1958. The decreased harvest was estimated as a loss of $300,000. Some farmers did not have sufficient crops to make harvesting worth while. A great number were forced to buy feed for their cattle. Potatoes and other crops were also down, leaving farmers with little revenue with which to purchase feed.

Last year the hon. member for Port Arthur and myself suggested to the minister that a meeting be held between federal and provincial members of parliament and representatives of the federal and provincial departments of agriculture and interested farmers to discuss problems peculiar to the district. Unfortunately, while we did suggest a date we received nothing but a scant response from the minister.

Subsequently we asked for specific information on our region and finally we received a copy of a summary and conclusions designed to strengthen the position of agriculture in the district of Thunder bay. We were told that these conclusions were arrived at with considerable difficulty which necessitated on the ground investigation. It was readily found that one of the great and primary advantages of farming in this particular district was the expanding of the local market which is located at a considerable distance from other farming areas.

The total population of the Thunder bay district is approximately 140,000, of which less than 6 per cent are farmers compared with an estimated 12 per cent for the whole province of Ontario.

With a distinct federal and provincial farm policy, supported by long term loans, this region could be developed into one of the best garden areas of Canada, especially if the government were to initiate an immigration policy designed to attract suitable immigrants who would undertake to settle on the land. I have advocated such a policy ever since I was elected to parliament, and I have found no sound argument here to induce me to change my view on the situation. Indeed, I am now more than ever convinced that such a policy would be beneficial to the whole of Canada.

Another great advantage which would stimulate farming in this area is that although grain production is very limited, with the great source of livestock feed at the local terminal elevators, it could become a No. 1 livestock producing area of Canada. The distance from marketing facilities could be overcome with the adoption of an equitable freight rate structure. The present structure militates against the farmers having a fair chance to compete with primary producers of the west and east.

It is true that the area of improved farm land is comparatively small; it is approximately 70,000 acres. The reason the area is no larger is the freight rate discrimination which I have already mentioned and the apparent indifference of our senior levels of government in not giving this district a fair chance to develop.

Our present farmers are concentrating on dairy products, poultry, eggs, potatoes, and so forth. Of course, there are other products, but in the main these constitute the bulk of products from which our farmers make a living. There is a great potential for expansion in fluid milk, potatoes, vegetables, greenhouse products, small fruits such as berries of all kinds, mushrooms, poultry, eggs, turkeys, honey and feeder cattle. The establishment of feeder plants for cattle and hogs near our terminal elevators should be considered as a distinct advantage to the area.

I know that most people in Canada, including a great many hon. members in this house, have the conception that Thunder bay is a land of timber and rocks. Thank God, we have rocks, beneath which there lies the pre-Cambrian shield, which is rich in minerals of all kinds; but make no mistake, we have thousands of acres which could be under cultivation now, but because of a lack of promotion and interest is worthless bush. Seventy per cent of the total farm area is unimproved land, compared with 39 per cent for the province of Ontario, and

only 20 per cent of the total occupied land is under crops, roughly one half of the provincial average.

I say to this government, give us help to establish large cold storage facilities; establish a meat and crop grading station. This is one of the things that the farmers of my district have asked the federal and provincial governments to establish for a long time. The answer to our problems have invariably been the stock answer: farming is not sufficiently developed to warrant the establishment of these facilities. How can we develop our potentials if the government continues to ignore the needs for such development?

If this government is consistent in its promises and statements to the effect that farmers in ever part of Canada will receive the same consideration, it should practise what it preaches. I admit that the farmers in my constituency cannot compete in numbers or in wealth with the farmers of the west or of the east. It seems to me, therefore, that precisely because of these deficiencies the government should extend no less consideration to them in evaluating their needs. I suspect that one of the reasons why they are neglected is that they are not organized like a trade union. They are more of a rugged individualistic nature, but that is no reason why they should be forgotten.

Last year the interprovincial farm union council presented a brief pertaining to policy research. They advocated the setting up of an independent research agency to help in providing farmer organizations with the information for sound decisions in matters of crops, marketing, and so forth. This was to be an independent government research agency to help solve problems of agriculture. I wish to quote from page 3 of this document:

> The objectives of this research would be: to explore the underlying principles of agricultural policy; to examine and place in perspective the peculiar features of the Canadian economy that are significant for such policy; to establish sound bases for developing and applying economic policies; to appraise particular current policies in this field with the object of suggesting alternatives or recommending changes; and to make the results of such research widely available, especially to farmers governments and the general public.

On page 6 it goes on to describe the scale of research activities and says:

> While it would be desirable to start such research on a substantial scale there are good reasons for establishing a modest organization in the beginning to permit it to be developed on a sound basis as it expands. It should be emphasized that if the maximum benefits are to accrue to farmers, governments and the general public, it would need to be so organized as to be capable of logical expansion to meet policy research needs.
>
> It is proposed therefore that the research organization be established with a nucleus staff of researchers, a small clerical and stenographic staff, a moderate allotment for office and travel funds, and a small allotment to be used for grants to colleges or universities where such may be needed to obtain the supplementary information required by the research agency.

The Canadian Federation of Agriculture, in their presentation to the cabinet on February 24 of this year, made another plea for such a research council. They recognized the need for a study of farm problems and included in their presentation was this passage which I wish to quote:

> There is a keenly felt need today for expanded research both into farm marketing and into the more general economic and social problems facing the farmer. Such research is needed so that we may intelligently develop and improve our marketing and support programs. It is needed also so that we may better understand what is happening in the farm economy and to rural society, and in doing so learn to develop farm policies and extension programs that will better meet the needs and problems which agriculture faces.

I fully agree with the establishment of such a council. Indeed, I urge the minister to give consideration to the implementation of this request. But in all of this there is not a word on behalf of farmers of the kind we have in northwestern Ontario. I suggest that if such a council is established it should have a member from the district of Thunder bay, one who would be familiar with the problems peculiar to the district, and that the council should not be just for the exclusive benefit of the wheat farmers of western Canada.

I come now to one of the most important features necessary for the development of the farming communities of our district, and that is an adequate system of providing funds without which farmers cannot expand nor can new farms be developed. Up to the present the experience with the farm loan board has not been the happiest so far as the farmers of the Thunder bay district are concerned. Recently I expressed the hope that the farm credit corporation, successor to the defunct farm loan board, will be more amenable in its policy toward small farmers and would-be farmers desirous of establishing themselves on the land because up to the present it has failed to establish an equitable policy of farm assistance for areas such as northwestern Ontario. However, hope springs eternal. What is needed is a policy of liberal credit and a national agriculture policy designed to encourage ownership and operation of farms in every section of Canada.

Finally, I wish to appeal to the minister to give the lakehead area some consideration. I suggest that he and some of his departmental assistants pay a visit to the Thunder bay district. The minister would be astounded and it would be an education for him. I

suggest that such a visit would stimulate interest in the development of our land and it would also serve as a valuable encouragement to those who are already established in our rural communities.

Mr. Harkness: Mr. Chairman, in view of the fact that we will be proceeding with private bills in about 20 minutes I thought I might reply to some of the comments and speeches that have been made this afternoon. I thought that the hon. member for Kootenay West made a very good speech. He stated that agriculture has been going through a difficult period due to changed conditions and the technological revolution that has taken place in agriculture particularly during the past 15 to 20 years, and that a partisan approach will solve nothing from the agricultural point of view. I thought that was well said by the hon. member for Kootenay West and I was very glad to hear him say it. I am only sorry that some of his colleagues were not here to hear him say it.

There is no question that agriculture has been going through a difficult period during the last 15 to 20 years. Everybody concerned with agriculture knows that that has been the situation. Everybody knows that during this period a very rapid mechanization of agriculture has been taking place. Great improvements have been made from the scientific point of view in feeding methods, in breeding and so on. All of these things have combined to produce in the western countries at any rate a surplus situation so far as a large number of agricultural products are concerned with the result that during the past 10 years particularly we have had increasing difficulty in disposing of the agricultural products that we have been able to produce. In other words, production has been going ahead more rapidly than the ability to find economic markets for these products has developed. This is a situation in which we are likely to be for some time, at least during the immediate future.

All of this has created quite a different set of circumstances from those which prevailed in the past and has made it necessary for us to change our thinking very materially as far as agriculture is concerned. Unfortunately the thinking on agriculture of a considerable number of people has not kept up with the changes that have taken place. They are still thinking of the past when it was possible to operate a farm of comparatively small acreage and provide the family with a living which would at least support them in a reasonable way. That day is now past.

The standard of living existing in this country is very much above what one might call the peasant level and therefore small acreages which in the past were capable of supporting a family are no longer capable of doing so on the basis of anything like the standard of living that is demanded in a country such as Canada at the present time. From the point of view of economic family farm units this makes it necessary to form considerably bigger units from the acreage point of view and particularly from the capital point of view, involving livestock, machinery and so on, than was the case even as little as 15 to 20 years ago.

The hon. member for Kootenay West said that there was a great contradiction in our agricultural policies because on the one hand the scientists were constantly working to produce better breeds of livestock, better types of plants and improved methods of producing agricultural products of all kinds—in other words, we are doing a great deal of work to encourage and increase production—while on the other hand marketing policies to quite an extent were designed to limit production. I would point out that these two lines of activity are not necessarily in contradiction of each other. If we are to have successful farmers they must be able to produce in as efficient, scientific and up to date a way as farmers in any other part of the world, and in order to put them in the position where they can do so we have to continue to develop our research activities and to ensure that these activities produce the best types of both plants and animals for particular localities and evolve the best methods of producing agricultural commodities of all kinds. In view of the sort of situation we have at the present time, where in most of the western world agricultural products are being produced in excess of the ability of the people to consume them, it is necessary to have production and marketing policies which will keep production down to the limits of what can be marketed or disposed of in an economic way.

We can, of course, give away a certain amount of our products in certain areas. Canada has done a great deal of that, but there is a very definite limit to what can be done along that line. By and large we have pursued policies which, as I say, ensure, so far as that can be done, that very large surpluses which cannot be disposed of are not piled up with consequent storage costs and so on.

The hon. member for Drummond-Arthabaska made a speech, but I do not believe I will say very much about it. His speech was of the type, as the hon. member for Kootenay West said, which did not carry forward the cause of agriculture in any way. It was a purely partisan, political speech. It was designed to show that the situation

of the farmer was better under the previous Liberal government than it is under the present Conservative government, something which it is impossible to do. Every farmer knows that this government has done far more in the way of putting schemes into effect or passing legislation to aid farmers in the two or three years which it has been in office than the previous government did in the 10 or 15 years before that. As I say, I do not think I should take up any time in dealing with the very large number of, what shall I say, false assumptions and misinformation which the hon. member for Drummond-Arthabaska put forth.

The hon. member for Wetaskiwin spoke of a scheme being carried on in the United States for taking land out of production, the soil bank as it is called there. I should like to point out that we have done a fair amount along this line in Canada. We have set up the P.F.R.A. community pastures and provincial community pastures in western Canada, a means by which land has been taken out of ordinary production, out of grain growing, and made available for the use of smaller farmers to pasture livestock, thus enabling many people who otherwise would not be able to diversify their activities to get into the livestock business. The conservation measures which we are presently carrying out, and which we contemplate carrying out to a greater extent in the future, will involve more work along this line.

The hon. member for Kent, (N.B.) quoted some figures by which he attempted to show that the deficiency program in connection with eggs had led to a decline in production from the small producer rather than the large producer. Of course, our great trouble had been overproduction. The statistics used were from a paper which has been a most bitter opponent of deficiency payments on eggs. I do not know where this publication obtained these figures, but as I say the paper has been the bitterest opponent of this program in connection with eggs. Actually our records, taken from the grading stations, indicate the exact opposite. A big reduction in egg production has taken place in so far as the large producer is concerned. I think every logical examination of the matter would show that was what was most likely to take place, and I think that is what has taken place. Actually this same publication from which the hon. member quoted these statistics complained for several months that this policy was going to destroy the large egg producers, the most efficient producers. Now, evidently, this publication is trying to be on both sides of the fence in connection with this matter.

[Mr. Harkness.]

The hon. member for Kent, (N.B.) spoke of the necessity for disseminating the results of agriculture research to the farmers so that they can make practical use of it. I agree with that thoroughly. It is essential that improvements which are discovered by scientists at research stations be communicated to the farmers, the men who can actually make use of them. We, of course, do a considerable amount of work along that line by making the results of our research work available in pamphlets of all kinds which are distributed particularly to agricultural schools and tc the provinces. As the hon. member knows, education is the exclusive prerogative of the provinces and, in so far as agriculture is concerned, the division of the work between the dominion and the provinces is that the provinces are primarily responsible for the dissemination of agricultural information to the farmers and we are primarily responsible for the research work, the discovery of new methods, new types of plants, better types of livestock and so on.

The hon. member for Vancouver East made a speech dealing particularly with the fact that United States firms, in recent years, have been buying up Canadian canning plants and closing them down. He dealt particularly with the tomato situation in British Columbia. I should like to assure him that I was alarmed at both of these situations, and I had an investigation made in order to ascertain what the situation was. In so far as the allegations which have been made about United States companies buying up Canadian plants and then shutting them down, are concerned, this is what the investigation showed. In so far as Ontario is concerned, whilst there has been a considerable amount of buying up of small canning plants by large United States canning concerns, the total amount of production has not been reduced. In many cases what happened was that three, four or five small and comparatively inefficient canning plants were bought up and one big canning plant with a large production, greater than the four or five, was built or one of the bigger plants which had been bought was greatly enlarged in order to make one large, more efficient operation. In British Columbia there has been a definite reduction in the number of canning plants, but that is a different story which I shall mention later.

Production as a whole, so far as the canning of fruits and vegetables in Canada is concerned—I have not got the report here—has not been materially reduced as the hon. member for Vancouver East seems to believe.

Mr. Winch: May I ask the minister a question?

Mr. Harkness: Yes.

Mr. Winch: If that is so why is it if you go to a store in Ottawa or in British Columbia and you buy—let us take the Aylmer brand which is a big one—canned produce, why do you read on the label, "Produce of the U.S.A."?

Mr. Harkness: I think the only way to see the whole story is to look at the complete figures. If you go into a store here or in British Columbia you will find that for the most part the goods are Canadian. However, you will find some that have been canned in Italy, England and all other countries. However, the bulk have been canned in Canada.

So far as the tomato situation in British Columbia is concerned, the difficulty there has not been a matter of United States plants buying up British Columbia canning plants and then deliberately closing them down, the difficulty has been entirely one of economics. The cost of producing tomatoes in British Columbia had risen too high to enable them to compete with tomatoes canned in the United States or other areas. There are several reasons for this. The first one is that the tomato acreages in British Columbia were quite small. They were too small to be worked by machinery and, therefore, a great deal of hand labour was involved.

The second thing is that labour has become increasingly hard to get in British Columbia and increasingly expensive; I refer to farm labour. Hence the cost of producing tomatoes in British Columbia has gone up out of proportion to the cost of producing them in Ontario and particularly out of proportion to the cost of producing them in California.

The most important factor of any is that, as a result of soil deterioration in British Columbia, both the yield and the quality of the product has gone down. It is owing to lack of organic material, to a large extent, in the soil which they have not been replacing as they should have done. As a result, the yields of tomatoes in British Columbia at the present time are just about 50 per cent of what they are in California. It is quite clear that if you are producing only half as much of a product on an acre of ground in one place as is being produced in another, you cannot compete. The actual fact is that the growers in California have been getting an average of $10 a ton less for their tomatoes than have the growers in British Columbia. But nevertheless, in spite of that fact, the growers in British Columbia have been steadily driven out of the business; they have not been able to compete because they were growing only half as many tomatoes per acre.

These are the basic and essential reasons why the tomato canning industry in British Columbia has been getting smaller and smaller and, it appears, is not going to be able to continue as an economic industry in competition with tomato growing either in Ontario or in California. No one regrets more than I do that that is the situation.

Mr. Macdonnell: May I ask the minister a question?

Mr. Harkness: Yes.

Mr. Macdonnell: Would that situation apply to other products?

Mr. Harkness: Would it apply to other products? Where does the hon. member mean?

Mr. Macdonnell: In British Columbia.

Mr. Harkness: No. Apple production in British Columbia is still being carried on in a fairly successful way and also the production of other tree fruits of various kinds. But as to tomato growing and tomato canning, the chief vegetable canning business in the Okanagan and adjacent valleys, as the hon. member indicated, this is what has happened. As I say, nobody regrets that more than I do. During the past three years we have been providing a considerable subsidy in order to try to get this industry going. However, it is not much use to be paying out subsidies for an industry which is shrinking rapidly every year. In other words, it is like throwing your money down a rat hole. You are better off spending the same amount of money on an industry which shows some sign of being capable of being improved or revived or of being made successful.

The hon. member for Yukon gave an extremely good and thoughtful speech with regard to agriculture and development in the Yukon. I am extremely glad to have his ideas in this regard and I should like to assure him that I will have the officials of the department study his suggestions; and we shall see how many of them we can put into operation or make preparations to have put into operation in the coming years.

The hon. member for Fort William was requesting cold storage and other facilities of that sort to be provided at the lakehead for the benefit of lakehead farmers and he went on to say that the government should extend the same consideration to farmers there as to farmers elsewhere. The answer to that statement is that we do so. What the hon. member seems to want is special consideration which is not extended to farmers anywhere else.

The government does not build cold storages for farmers at any place. We make a subsidy to a farmers' co-operative or to a commercial concern that wants to build a cold storage. The same thing applies with regard to a cheese factory. We do not build any of these things. The farmers themselves or some commercial concern in the area must go ahead and build; under these circumstances we provide subsidies but we do not build them. I think perhaps the hon. member was under a misapprehension in that regard. I should like to assure him that we give or are prepared to give to the farmers in the Thunder bay district the same consideration as that accorded to farmers anywhere else in the country.

Mr. Michaud: Is the department giving subsidies to potato houses?

Mr. Harkness: Yes. We have given subsidies for the construction of a considerable number of potato storages.

Mr. Badanai: May I ask the minister whether he intends to pay a visit to the lakehead area? We should like to have him make a visit there.

Mr. Harkness: I should be very happy to pay a visit to the lakehead area on some suitable occasion. One of my great difficulties, I might say, is that I am obliged to turn down at least nine tenths of the invitations get to appear at various agricultural meetings and fairs, district shows and things along that line. I find that it is quite difficult to get around to see all these places. It is a big country and time is always somewhat at a premium.

(Translation):

Mr. Brassard (Lapointe): Mr. Chairman, during the two minutes or so left before five o'clock, I should like to tell the Minister of Agriculture (Mr. Harkness) that, if I were as considerate and courteous with him as he was with the hon. member for Drummond-Arthabaska (Mr. Boulanger), I would point out the hollowness of his remarks concerning the constructive criticism made by the hon. member for Drummond-Arthabaska on agriculture.

The fact remains that the hon. member for Drummond-Arthabaska gave statistics that the minister could hardly deny. So, instead of trying to deny them, he preferred the easier path of irony and sarcasm, which obviously means that he had no solid argument. I will take it upon myself next week to answer the points he put forth this afternoon, as in my opinion the remarks of the hon. member for Drummond-Arthabaska were actual facts, contrary to the Minister of Agriculture's contention.

May I, Mr. Chairman, ask you to call it five o'clock?

(Text):

The Deputy Chairman: Order. It being five o'clock, in order to allow the house to proceed to the consideration of private and public bills it is my duty to rise, report progress and request leave to sit again later this day or at the next sitting of the house, as the case may be.

Progress reported.

PRIVATE BILLS

The Acting Speaker (Mr. Rea): It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

THIRD READING—SENATE BILL

Bill No. SD-39, for the relief of Stella Jean Margaret Newman Lamartine.—Mr. McCleave.

The Deputy Chairman: Is it the pleasure of the committee that the 54 divorce bills in this order be considered together?

Mr. McCleave: Mr. Chairman, I was wondering if I might present a suggestion to the committee which might help solve some of the problems which have beset us for some time, now.

I realize that among these 54 divorce bills before us for consideration there are some which present special problems, problems which certain hon. members will undoubtedly wish to debate. However, there are other bills among them which need concern us very little and which might, indeed, be passed with little debate, or no debate at all. It seems to me that an appropriate course, if all hon. members would agree, would be for the committee to rise and report progress now, and before next Tuesday hon. members would have the opportunity to study the 54 bills which are now before us, if they have not considered them already, and pick out those particular ones which they want discussed. This course seems a reasonable one, and if it were adopted it would tend to break the log jam which has developed in connection with this particular responsibility of members of parliament.

I have heard the criticism made that we cannot wax very eloquent about the kicking around of the poor people in the Union of

South Africa, because when it comes to arrangements here at home an unmerciful hosing has been given to the inhabitants of a certain province. I take that to be a justifiable criticism if the present situation continues, and I suggest that the proposal I have put forward might be a solution. If the hon. members belonging to the C.C.F. party would agree, we could rise and perhaps return to the debate on the agricultural estimates or take up some of the private members bills which so far we have not been able to debate under the rules of the house. I do not ask the hon. members to pass these 54 bills this afternoon.

Mr. Howard: I can appreciate the hon. member's position, but I must say that this has come without warning. In the second place, any comments on the suggestion made by the hon. member for Halifax would, strictly speaking, be out of order. Nevertheless, I hope the committee will not mind if we spend a few moments commenting on the suggestion which has been made.

Perhaps the hon. member for Halifax should have made his proposal a little more clear. Let us assume that the course as suggested is followed and that the committee reports progress and asks leave to sit again. There is then the next order to be considered, order No. 70, the house in committee on a particular divorce bill. Thus, it would have to be unanimously agreed that the committee dispense with this particular debate.

Mr. McCleave: That was in my mind, that we should take no further action on divorce bills this afternoon. If that were agreeable to the hon. gentleman, they could pick out from all the bills before us now the ones they would like to discuss.

Mr. Howard: There is another matter which will have to be taken into consideration. While for the last month or so this private members' hour from five to six o'clock has been spent entirely in dealing with divorce bills, it is, nevertheless, the hour for private and public bills, and if we dispense with the consideration of divorce bills we would, I assume, go on to deal with the further items on the order paper, public bills standing in the names of private members. We should have to think in those terms before we thought of agreeing to the suggestion put forward by the hon member for Halifax. Some of the hon. members who have public bills standing in their names—and I have some standing in mine—will want to proceed to debate certain of the items which are listed under public bills and orders. I know, for instance, that the hon. member for York-Scarborough is extremely interested in one bill which is in his name dealing with capital punishment. We might conceivably reach the resumed debate on the question of capital punishment raised by the hon member. This would be a good time for it The hon. member for York-Scarborough could speak and close the debate and we could vote on the subject matter this afternoon. These are all things that must be considered.

The Deputy Chairman: As far as the committee is concerned, all we can do is this: if I have a motion to rise and report progress, and the motion carries, that is what must take place. As for the next procedure of business, that would be a matter to be decided by the house as it saw fit.

Mr. Peters: Could the committee not give consideration to debating this whole matter which is before us, not necessarily picking out one or two bills, but considering general principles. I think it is generally agreed that the situation, as it is, is far from satisfactory. In other words, would it be possible for us to set aside the next private members hour so that we could discuss this whole matter and try to arrive at a more satisfactory method of handling this particular procedure than the one we have at the present time?

The Deputy Chairman: That is strictly a matter for the house to decide. The committee only does what it is instructed to do by the house. That is why, in committee, everything must be relevant to the subject matter for discussion. The committee is only able to do what it is instructed to do by the house.

Mr. Benidickson: May I simply say I should like to suggest to the hon. member for Halifax that if there is merit in the suggestion he is advancing he would probably make more progress with a suggestion of this kind if he arranged to see the representatives of the parties prior to the arrival of this particular hour. Perhaps, having next Tuesday in mind, he might come to an arrangement of this kind. I have a great objection to interfering with this hour without adequate notice being given in advance. It is probable that there were hon. members who were interested in the discussion which has just concluded and who felt they could return to other duties. For this reason they would not be here to take part in a debate which they had every reason to think would not come on, supposing, that is, we were to agree to making the alteration proposed. Moreover, there are hon. members who have come here especially to be present during this particular hour, and I do not think they should be asked, except in exceptional circumstances, to agree to a change of rules without there being prior consultation and inter-party discussion.

Private Bills—Divorce

The Deputy Chairman: Shall the 54 bills be discussed in one item? If not, we shall discuss Bill No. SD-41.

MARGARET ESTELLE ELEANOR EVANS LANESE

House in committee on Bill No. SD-41 for the relief of Margaret Estelle Eleanor Evans Lanese—Mr. McCleave—Mr. Rea in the chair.

On clause 1—*Marriage dissolved.*

Mr. Howard: I have a comment or two to make in respect of this particular bill and the situation surrounding it, the evidence leading up to the petition being presented, and certain other material considerations which arise in the evidence presented before the Senate committee.

As the petition indicates in the first paragraph, the marriage between the petitioner and the respondent took place on September 27, 1952 in Montreal. The allegation of adultery is made in the petition and it is stated that the respondent committed adultery on September 16, 1959 with a person whose name and address is given. The petition states further that the respondent and the corespondent lived openly together as man and wife, and there is evidence given in support of these statements. I may say that there are no children born of this marriage; consequently this is a case with regard to which I do not run any risk of falling foul of the rulings made governing the committee in so far as references to children are concerned.

The petitioner was sworn and at page 9 of the evidence testified that she was married, where, by whom, gave her husband's and her own religion and was shown a document which she identified as the church certificate of her marriage. Some evidence was given about the problems existing prior to the alleged adultery. At page 10 Mr. Leithman, counsel for the petitioner, examined her as follows:

Q. Now, witness, following your marriage to your husband did you live together as man and wife?
A. Yes, we did.
Q. Are there any children?
A. No, sir.
Q. When did you and your husband stop living together as man and wife?
A. About September, 1957.
Q. Will you tell this honourable committee under what circumstances you left. Tell the committee just what happened.
A. Well, as you know—
Q. Just speak to the committee.
A. —I worked, and came home from work about nine o'clock in the evening and found my husband in bed with another woman. He put up quite an argument, and I left and stayed at my sister's for the night. I came back the following night thinking he would have a reasonable answer and found all my clothes outside the door, so I never went back.

[Mr. Benidickson.]

Q. In other words, he evicted you?
A. That is right, sir.

That is a startling question. I continue:

Q. Can you recall the exact date? Would you repeat the date?
A. September, 1957.
Q. Since September of 1957 have you lived together as man and wife? Did you get together again?
A. No.
Q. Has he supported you since that day?
A. No, sir, I have supported myself.
Q. You have had no relations at all since September of 1957?
A. No, sir.

I assume the reference is to intimate relations. I continue:

Q. Have you any personal knowledge of the alleged misconduct set out with one—?
A. I have never met her.
Q. Do you know this woman—?
A. I have never met her.

I am deleting the names of the parties.

On page 11 reference is made to the fact that no collusion or arrangement exist between the parties. The examination of the petitioner by her counsel continues as follows:

Q. Now, witness, is there any arrangement between you and your husband that you should go to Ottawa and petition for divorce?
A. No, I have not spoken to him for two years.
Q. Is there any inducement given by him for you to come here to obtain this divorce?
A. None at all, sir.
Q. Have you condoned his act? Have you forgiven him?
A. No, I have not.
Q. Would you take him back?
A. No, sir.
By the Chairman (Senator Roebuck):
Q. And you did nothing, I take it, witness, to bring about the adultery about which you complain?
A. Pardon?
Q. I say you did nothing to bring about the adultery about which you complain?
A. No, sir.
Q. You did not throw anybody in his way, or anything of that kind?
A. No, sir.

There are two investigators in this case, Mr. G. Daigneault and Mr. Clovis Paquette of Montreal. The Christian name of the former appears interchangeably in the evidence as "Gerard" and "Gerald" but I assume it is the same individual and that there has been a typographical error. Mr. Daigneault was sworn and testified as follows when questioned by Mr. Leithman:

Q. Witness, I show you a photograph of an individual, which photograph has been produced as exhibit 2 in the petition. Would you take cognizance of the photograph and say of whom it is a likeness?

The witness gave the name of the respondent. I continue:

Q. Witness, did you have occasion to investigate the conduct of—?
A. I did, sir.

It is established that the photograph was taken probably two months after the marriage, late in 1952. One wonders if a person's features could so change in seven years as to render a photograph invalid for purposes of identification but that is not important here because of other evidence adduced. I continue:

Q. What did you find out about him?
A. Well, sir, we were retained by you, Mr. Leithman, at the end of August 1959 at which time you gave us this photograph over here, and also gave us certain particulars. I verified those particulars, and as a result of our investigation on September 16, 1959 at approximately 12.45 a.m., accompanied by Mr. Paquette, we proceeded to— avenue, apartment No.—, where, after knocking at the door a few times, a woman's voice was heard asking who was there. I then asked to speak to —, and she said: "One minute, please", and I heard her say: "—, it is for you". After a minute or two the door was opened by Mr.— himself. I then identified myself and asked to speak to him. He let us walk in and he invited us in the kitchen, which was to the right of the apartment as you walk in there.

In every other case I have reviewed the investigators pushed their way in or walked in casually, but in this instance there was an invitation. I continue:

With the aid of the photograph I asked if that was his photograph, to which he said: "Yes". I told him why I was there and that I knew he was living there with somebody else. At the time I was speaking the woman came back in the kitchen and we started talking, the four of us together. I asked the woman's name and she answered "—", and they both admitted they had been living as man and wife since the month of June, 1959 at that address. Previously, they told us, they were living as man and wife at—. The apartment consisted of three rooms with only one bedroom, a living room and a kitchen. There was a double bed and on the double bed both pillows had an impression.

I assume that he got into the bedroom of this apartment. I notice that Senator Roebuck asked some questions after this:

Q. What time of the day was this?
A. 12.45 a.m.
Q. How was the man dressed?
A. When he answered the door he was wearing grey pyjamas and slippers, and the woman was wearing a blue dressing gown and had the bottom part of pyjamas on, you could see underneath the dressing gown.
Q. Had she shoes on?
A. Slippers.

Then he describes this particular woman, estimates her weight, age, height and other features. I would point out that other evidence is given by Mr. Daigneault to the effect that he made some additional checks and found out that the apartment was registered in the woman's name, the corespondent, and she is paying the water taxes under that particular name.

Following this Mr. Paquette was called as a witness. He gave evidence which substantiates pretty well what Mr. Daigneault had said. He answered questions about what were his activities and so on, and then he said:

A. On September 16, 1959, I was accompanied with Mr. Daigneault and we went to his apartment.

He gave the name of the apartment and the name of the street. I continue:

It was 12.45 a.m. when we went to the apartment and after Mr. Daigneault rang the bell we heard a woman's voice asking who it was, and Mr. Daigneault told her that he wanted to see Mr.—— So about a minute after Mr.—— opened the door and we identified ourselves we went into the apartment, and once we were in the apartment we found out that there was a woman in the place.

I assume, Mr. Chairman, they knew the woman was there in the first place or they would not have wasted their time going to discover what was taking place there. However, this may only be the phraseology of Mr. Paquette. Perhaps he had to say they found a woman was there; they knew it beforehand but they had to verify it once they got into the apartment. In any event, he continues:

We told him we knew this woman is not his wife and he says, that is right, but we have been living together, I imagine, a couple of years, and he says we are known in the apartment as Mr. and Mrs. So we told them the reason of our visit and after taking a sketch of the place went out.
Q. The woman you saw in the apartment, was it this lady here?
A. No, sir. I never seen this woman before today.
Q. What else transpired while you were there?
A. What do you mean by that?

The lawyer was having some difficulty in getting him to say the right thing here, apparently. I continue:

Q. Was there any other conversation between Mr. Daigneault and Mr.—that you heard personally?
A. He showed him the picture and he admitted that it was his picture.
Q. How did he get the name of the woman who was there?
A. Some other investigator made a previous investigation and I don't know anything about that.

I would gather from this that these particular investigators and others do not follow through one case from the time that they are commissioned by a lawyer. By the time they enter into it from one end to the other some of the investigation is given to some other investigator, and the information made available from previous investigations was probably passed on to Daigneault and Paquette. Then, Senator Roebuck made some comments and asked some questions as follows:

Q. Do you remember whether she was asked her name on that occasion?
A. Yes, he asked her her name and she mentioned—.
Q. When that admission was made were they both together?
A. Yes.
Q. Who spoke, the man or the woman?
A. She said it was—.

Q. No, I mean the statement about living together.
A. He said it.
Q. And was she there?
A. Yes.
Q. Did she make any response?
A. No.

Mr. McGee: Mr. Chairman, on a point of order, I draw your attention to citation 144 of Beauchesne's Parliamentary Rules and Forms, fourth edition. For some time now the hon. member and his colleague behind him have been following the practice during private members' hour of connecting up a speech or so-called address to this house with lengthy quotations from a document which he has in his hand. By citation 144 and rulings of other Speakers in the past it has been clearly established that the purpose of the rule is precisely to prevent that pattern of addressing the house or the committee. This citation reads:

It is a rule in both houses of parliament that a member must address the house orally.

Certainly I do not think that citation can be stretched to the point where an hon. member may link together extensive verbatim quotations from any document whatsoever with a very few words. I would appreciate very much, Mr. Chairman, if you would consider whether the pattern of addressing this committee in this way is consistent with the spirit of the citation I have quoted.

Mr. Howard: May I comment on the point of order raised by the hon. member for York-Scarborough. I say first of all I appreciate his drawing of this question to the attention of the committee. However, I do not think we are justified in giving the weight to the point of order raised by the hon. member that he is asking us to do. Citation 144 reads:

It is a rule in both houses of parliament that a member must address the house orally, and not read from a written, previously prepared speech—

Then, it goes on to say:

—for the reason that, "if the practice of reading speeches should prevail, members might read speeches that were written by other people, and the time of the house be taken up in considering the arguments of persons who were not deserving of their attention".

I do not think the hon. member for York-Scarborough would suggest, for instance, that the comments and questions of Senator Roebuck were not deserving of our attention. This is not a previously prepared speech, I submit. In this instance, what it is is substantiation; in other instances it might be argument against the bill. The bill says, "The marriage is hereby dissolved." Therefore, in order to prove whether the marriage took place in the first instance it is necessary to read from the testimony before another committee, not a previously prepared speech but testimony, to prove that particular allegation in the bill.

In the bill reference is made to adultery. That is the reason why the marriage is to be dissolved. Again, what I am doing is not reading a previously prepared speech but reading evidence taken under oath before a committee of the other place in substantiation of the question of adultery.

Mr. McGee: If I may reply to the hon. member's attempt to avoid the clear implications of this ruling, he has said that he is not reading a previously prepared speech. That is exactly my point.

The Deputy Chairman: Order. The Chair cannot accept that point at all. The hon. member for Skeena is referring to evidence given to the committee and I certainly would not want under any conditions to rule that evidence given in a committee cannot be discussed or read in this committee.

Mr. Chambers: Is it not a rule that things that are read by a member should be vouched for by him? I wonder whether the hon. member would be willing to vouch for the information he has given the committee this afternoon?

The Deputy Chairman: Order. This is evidence given in committee under oath.

Mr. Howard: Just as an aside, what I intend to do is to vouch for the fact, with respect to some instances we have discovered, that the evidence given is not true.

Mr. Chambers: You are misleading the committee then.

Mr. Howard: I know that my friend asked that question with a slight smile on his face and in any event he indicated the answer before he asked it. Prior to the point of order being raised, I had in fact reached the end of the quotation from the evidence taken before the other committee because it proves the points that it is necessary to prove so far as marriage, adultery and so on are concerned. I have not looked at the file in this case to see whether the respondent and corespondent were properly served. Neither the respondent nor the corespondent appeared. On the evidence of Daigneault and Paquette it would appear that there was a frank and open admission that these people were living together as man and wife. This carries with it the implication that intercourse took place between them and probably will continue to take place between them as long as they continue to live together as man and wife. In fact, if this divorce is granted it may provide an opportunity for the respondent and

corespondent to legalize the relationship they have had for some two or three years. I think it has existed for about that length of time but in any event it has been in existence for some time.

There does not appear to be a great deal more to add apart from mentioning the evidence of the petitioner herself. She said that she came home and found her husband in bed with another woman. She came back the next evening thinking that he would have a reasonable answer, found her clothes outside the door and never went back again. It makes one wonder why she did not consider taking action for divorce in September, 1957 when this incident occurred in her own home involving her husband and another woman. I do not know why it took some two years for her to petition for a divorce. That is beyond our knowledge at the moment. One wonders why she waited for two years but apart from that I think we can classify this case as one of those so-called open and shut types of cases where there is no conflict in the evidence given by the two investigators.

Both investigators appear to be fairly sure of what happened so far as time and so on are concerned. That is in contrast to other cases we have had where the investigators were not sure. Because these investigators worked on this case together from start to finish and were both there at the same time I think we must insist that their evidence coincide and not be at variance. After all, they are working together and collaborating. How many members did the hon. member count?

Mr. Jones: Those who are here are getting very tired of this nonsense.

Mr. Howard: I suggest to you, Mr. Chairman, and to the hon. member for Saskatoon that if he is not careful he will be misquoted again and his remarks will be attributed to someone else as they were the other day. I do not mind his interruption about nonsense.

Mr. Jones: I think what the hon. member has to fear is that his own remarks will be quoted.

Mr. Howard: The hon. member is at liberty to do that any time he wishes. For that matter, anyone else can quote them if they wish. This case appears to be one of those open and shut ones. There is not too much argument about it apart from wondering why there was a delay of two years from the time the wife discovered her husband in bed with someone else in their own home. She left and stayed with her sister over night, came back the next night and found her clothes outside the door. She has not spoken to him or had any support from him since that time. One wonders why action was not taken then rather than two years later? As I say, this is a matter of speculation and we might wonder about the delay in the same way as in cases that appear before the courts but I doubt very much whether that has too much relevance or importance.

Mr. McCleave: Mr. Chairman, there are several remarks that might be made about the contribution to the debate we have just heard but more particularly about the poor lady who has come before us to ask for relief. She seems to have been lost sight of in the welter of words that have been read from the proceedings of the Senate divorce committee. Mrs. Lanese, the lady concerned, is 35 years old. She is a receptionist and waitress and as such she falls into the general category of cases that come before us. This is not a place for rich persons to seek relief by divorce. Most of the people who come before us as this woman does are of humble circumstances and most of them are women. She fits into that category.

She is a working woman and was at all relevant times. She came home one evening after working to find that her husband had taken up with another woman. In those circumstances I would think that she would be an object of pity and a person to be helped if some procedure could be found to help her. Years ago the fathers of confederation decided on the procedure and she has followed it faithfully. On September 21, 1959 she signed a petition in due and proper form and it may be found in the case book before us this afternoon.

I suppose when she signed her name on that petition and thought of the relief that would eventually come to her she had no idea that by coming before us she would be treated more miserably and in a more debasing and humiliating way than anybody anywhere else in the world, and in that regard I think, without referring to a particular area, of the debate we had on Wesdnesday last.

That is exactly what is happening here to this 35-year old woman. The record shows no blot against her and no reason why her problem should be flapped around like so much dirty linen in a place such as this. This is the sort of case which has been well handled all the way down the line. The proper procedures that parliament has set up have been used in this case, procedures which some of us have worked very hard to perfect in order that cases such as this would get due and proper consideration.

I will say no more than that, Mr. Chairman. It has been a scandalous state of affairs and if anybody ever had a clear right to come

and ask that relief be given in a gentle and considerate fashion rather than in a scandalous and irresponsible manner, it is the woman who petitions us now.

Mr. Howard: I should like to raise a point of order. I followed very closely the remarks made by the hon. member for Halifax. Although he did not make reference to me, I must assume I am the person to whom he was referring because I am the only person who has participated in the debate so far, although there have been one or two interruptions. The use of the words "scandalous" and "debased" should not be allowed to pass unnoticed. I should like the hon. member to reconsider those particular words as they apply to me because I am sure I am the one to whom he was directing his remarks. I believe those words should not be used in a personal way because the hon. member knows very well, and we have said it I do not know how many times, that it is scandalous this type of action has to come here and be dealt with in parliament. There are so many alternatives which would make it easier for the individual and better for the individual. This is what we are trying to do. If, in the process of doing that, to get them out of parliament, we take up time, we feel it is unfortunately necessary in order to relate the cases as they come before us, whether they be good or bad.

My point of order is that the hon. member should reconsider those words "scandalous" and "debased".

Mr. McCleave: I can assure my hon. friend that I was not using the words "scandalous" and "debased" in connection with his person. I was saying the method was scandalous. I think there is a distinction between the two. I do not want any inference to be drawn that I was making a personal attack on him. It has never been my practice to do that sort of thing in the House of Commons, but I do think the method used is an extremely unfortunate one. The words were strictly directed toward the method and not toward a person in the House of Commons.

Mr. Bell (Saint John-Albert): I want to ask the hon. member for Halifax a question. Would the hon. member say that, as a result of the C.C.F. filibuster here he feels the C.C.F. is setting up a new class consciousness and that the poor people are deprived of a divorce while the wealthy people can still go to the United States?

The Deputy Chairman: Order; I am sorry but the Chair cannot allow a question of that kind.

[Mr. McCleave.]

Mr. Jones: During the remarks made by the hon. member for Skeena he said that his objective in discussing these bills in the way he has been discussing them was in order to focus attention upon what he considers to be the unsatisfactory way of dealing with these matters in this committee. Now, that statement, Mr. Chairman, is quite out of order. By his own admission, therefore, this whole practice is out of order. He has said, in effect, that he is not discussing the bills that are before the committee at all for any purpose related to those bills, but he is discussing them for the purpose of changing the procedure by which divorce is handled.

He and every hon. member in this house has an opportunity, in the proper way, of bringing suggestions before this house for an alteration in the procedure.

The Deputy Chairman: Order; the point of order was strictly related to two words, and as to whether or not they referred to another hon. member. This matter was cleared up so the point of order has also been cleared up.

Mr. Howard: I merely want to say that the hon. member for Saskatoon has put succinctly and exactly what we are trying to do. I agree with him; that is exactly what we are trying to do.

Mr. Peters: The previous remarks remind me of one of our farm labourers. When I was a little boy he used to tell me that there were more ways of killing a cat than choking it with butter. Probably some of the remarks that have been made here were suggestions concerning alternate ways of disposing of that cat.

This bill is probably the kind of bill that the chairman of the miscellaneous bills committee was suggesting might be lumped into a category that would separate it from some of the bills we have been discussing during the past few weeks. In my opinion, and probably in the opinion of any hon. member who has taken the time to read the evidence, this bill is mild in comparison with many of the others. It may be that it was, in the light of this situation, that the chairman of the miscellaneous bills committee suggested this woman was having a disservice performed for her because we were discussing her particular case.

I would suggest, Mr. Chairman, that the fact she brought her divorce to parliament rather than having it handled through the procedures available in some of the other provinces results in the public of Canada being entitled to know about her problem. It is necessary to discuss it, and discuss it in the terms in which it has been reported to us from the committee which had the

opportunity of hearing the evidence. I am pleased, as was the hon. member for Skeena, to learn that there were no children of this marriage. I believe that if our law were different it would be quite possible, because of the circumstances surrounding this marriage and the fact that there were no children, to dissolve this marriage in a much simpler manner than the course that has been followed.

The Deputy Chairman: Order; we cannot discuss the various methods of divorce. We must discuss this bill.

Mr. Peters: I was leading up to the fact that the circumstances surrounding the marriage were discussed on page 10 of the evidence. We find the following question asked by Mr. Leithman:

Q. Will you tell this honourable committee under what circumstances you left. Tell the committee just what happened.
A. Well, as you know—
Q. Just speak to the committee.
A. I worked, and I came home from work about nine o'clock in the evening and found my husband in bed with another woman. He put up quite an argument, and I left and stayed at my sister's for the night. I came back the following night thinking he would have a reasonable answer and found all my clothes outside the door, so I never went back.

It would seem to me, in this particular instance, if the woman was going to get a divorce she might base it upon the adultery of that particular night. However, it seems that this particular offence was condoned, and I suggest, Mr. Chairman—

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

Mr. Peters: Yes.

Mr. McCleave: Is it not a fact there were no other witnesses at that particular time, and might that not have had a bearing on it?

Mr. Peters: I am not so sure that the hon. senators would not have given some consideration, whether or not there were witnesses. I am not too sure about that. But the surprising thing is that the lady came back the next day. She did not really see anything wrong with this procedure. Frankly, if I had been a senator at the time and had been on this committee I would have asked her what they had had the argument about. She said he put up quite an argument. I am not sure what he put up the argument about. Would he not let his wife in bed also or did she want to get the other woman out and he did not, or what was the argument about? It seems to be very academic. Here would be grounds for adultery. If she had wanted to do so she could have gone out and brought in a neighbour. Here is another woman in her bed. It would have been as strong evidence as we usually get to confirm that adultery has been committed. But no; he put up quite an argument. The committee has not asked about the argument, as I say. I therefore fail to understand just what has gone on. This marriage just did not end at that particular time. There must have been situations and circumstances developing up to that particular night.

Then she left after this argument, but no explanation was given what it was about. I can see many reasons why there would be an argument on that particular night. But I should like to know whether they were the things that I think the argument would have been over or whether they were matters which may have had a considerable bearing on the fact that she did not immediately go out and bring in her next door neighbour and ask her to be a witness to the other woman being removed from her bed or in laying a charge of adultery which could result in this divorce. She came back the next day and I am not sure what she came back for. From reading the evidence it looks as though she came back to move back into the house again but her clothes were outside and obviously she did not do so.

Mr. McCleave: Scandalous, scandalous, scandalous.

Mr. Peters: I hear the sponsor of this bill saying "scandalous". I am not sure just what he is referring to. There are a number of things involved at the present moment that are scandalous. One is that the Canadian people are electing their representatives and are sending them to Ottawa to handle this particular bill which obviously should be handled in a court by legal advisers.

An hon. Member: Order.

Mr. Peters: It is scandalous, Mr. Chairman, because we are being asked to consider evidence that was obtained at a subsequent date on an adultery charge, when an adultery charge already had resulted and had been quite obvious because of the break-up of this marriage in the first place. It is scandalous in a number of ways. If the legal counsel had been consulted shortly after this offence took place I would be greatly surprised if they could not have established the divorce at that time.

Mr. McCleave: They could not have done so.

Mr. Peters: The sponsor says they could not have done so. I am just as happy to take somebody's word, that of the sister to whom she went and to whom she probably related the story. That would be almost as corroborative evidence as one would receive from this particular investigator.

Mr. McCleave: It would not be in court.

Mr. Peters: Maybe it would not be in court but we are not in court. We are in the House of Commons debating a bill. I suggest that I personally would be just as happy to accept the evidence given by the sister to whom she went and knowing that probably the other woman was under duress. When she went to her sister I am quite sure she would have told her the story. I think even the sponsor would have given some consideration to that evidence and would not consider it to be unsupported testimony.

But, Mr. Chairman, this is not what happened. Some time went by and detectives were called in. They restated the case. The case, as I understand it, is where the husband has set up a common law alliance and is living with the other woman, and both admit they are living common law. But this happens in 1959, not in 1957 when the original problem developed. I am therefore suggesting there is some discrepancy in that particular. Certainly we are not using the easiest method and providing these people with the cheapest type of divorce bill possible.

The Deputy Chairman: Order. The hon. member is back again to the method. We must stick to this bill. I do not want to be obliged to remind the hon. member again about this matter.

Mr. Peters: I am sure you will recall, Mr. Chairman, that the reason why I mentioned the matter of costs and some of the discrepancies was the fact that the sponsor, in speaking on behalf of this bill just a few moments ago, pointed out that this was quite an expensive divorce and that what was happening was causing undue expense and undue hardship to this lady in other respects. I am pointing out that if the legal counsel at that time had given advice that I think would have been acceptable we could probably in 1957 have established the grounds for adultery nearly as well as we could in 1959 without the added expense of having detectives and the other things.

Mr. McCleave: Will the hon. member permit one question?

Mr. Peters: Yes.

Mr. McCleave: Would it not suggest itself that this woman was so poor that it took her a couple of years to get the money together to come here before parliament? Will he also say whether he is going to vote for the bill at the last minute before six o'clock? If he does not do so and if he wants to talk the bill out, perhaps we could agree that it is six o'clock.

The Deputy Chairman: Order. The hon. member for Timiskaming has the floor.

Mr. Peters: I agree that this case is one in which there is a common law alliance. I should have liked to continue and to point out that this common law alliance does not necessarily constitute adultery; but I will not do so because of the fact that it is all of six o'clock, that we want to see this woman get the divorce and in this case we also want to see the corespondent and the respondent get the redress that they are being given by this bill.

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rea): When shall the bill be read a third time?

Some hon. Members: Now.

Mr. Fulton: By leave.

Mr. McCleave moved the third reading of the bill.

The Acting Speaker (Mr. Rea): Is it the pleasure of the house to adopt the motion?

Mr. Habel: On division.

The Acting Speaker (Mr. Rea): Carried on division.

Mr. Peters: I want the sponsor to be sure to note that I voted for it.

Motion agreed to, on division, and bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Benidickson: Would it be possible for the Minister of Veterans Affairs or the Minister of Justice to give notice now of what might take place on Wednesday? I know we have a supply motion for Monday and Tuesday.

Mr. Brooks: The business for Wednesday will be announced on Monday night.

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

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

COURT OF APPEAL, NEWFOUNDLAND

Question No. 255—**Mr. Argue:**

1. Is there a court of appeal in the province of Newfoundland?
2. If so, on what date was it constituted, on what basis, by and under what authority?
3. Who are the judges serving in this court, by whom were they appointed, on what date, and what are their terms of office?
4. Do any of these judges serve in any other court in any capacity?
5. If so, which judges, in which courts, and in what capacity?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

1. The judges of the supreme court of Newfoundland sitting en banc constitute the court of appeal for Newfoundland.

2. The supreme court of Newfoundland, with jurisdiction to hear appeals en banc, was established in 1824 by an act of the United Kingdom parliament, was continued by a further act of the United Kingdom parliament in 1832 and by Newfoundland statutes in 1867, 1889, 1904 and 1916, and was continued by term 18 of the terms of union of Newfoundland with Canada.

Question

3. The present judges and date and manner of appointment are as follows: Judge R. S. Furlong, chief justice, date of appointment, May 12, 1959, manner of appointment, governor general; Judge Sir Brian Dunfield, date of appointment, November, 1939, manner of appointment, the sovereign; Judge H. A. Winter, date of appointment, December, 1947, manner of appointment, the sovereign.

Their term of office is during good behaviour subject to removal by the Governor General on address of the Senate and the House of Commons.

The judges in office at the date of union were continued in office by term 18 of the terms of union.

4 and 5. By section 80 of the election act (act No. 79, 1954) a judge of the supreme court may serve as a recounting officer in elections of members of the legislature but as such he sits as persona designata under that act and not as a judge of the supreme court. By section 13 of the district courts act (cap. 116, revised statutes, 1952) a judge of the supreme court may preside in a district court. The judges have appointments as district judges in admiralty of the exchequer court for the Newfoundland admiralty district. One or other of the judges has from time to time served as chairman of a royal commission.

HOUSE OF COMMONS

Monday, May 2, 1960

The house met at 2.30 p.m.

HOUSE OF COMMONS

WELCOME TO HON. MEMBERS RETURNING TO HOUSE FOLLOWING ILLNESS

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, may I draw attention to the fact that two members are with us this afternoon who have been prevented by illness from attending the sessions of the house. I refer to the hon. member for Welland (Mr. McMillan) and the hon. member for Essex East (Mr. Martin). I am sure the house is, to a man and to a woman, glad to welcome the two members back to our midst in good health, and will trust that good health may attend their efforts in the house.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, perhaps I might be permitted in my turn to welcome back to the house the hon. member for Middlesex East (Mr. White) who has been away for some weeks now and I understand has had a serious illness. He is a member who has won the respect of all members of the house, to whatever party they may belong, both as a member of the house and as chairman of the committee on external affairs. We are delighted to see him back in such good health.

Some hon. Members: Hear, hear.

PRIVILEGE

MR. ARGUE—REFERENCE TO REMARKS IN DEBATE BY PRIME MINISTER ON APRIL 27.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I rise on a question of privilege arising out of a statement made by the Prime Minister (Mr. Diefenbaker) on Wednesday, April 27, at a time, sir, when I was not in the house or I would have answered it at that time. The Prime Minister had this to say, as reported at page 3335 of *Hansard*:

> When about two weeks ago I spoke on this subject and referred to the possibility of there being a debate, my natural view was that the hon. member for Assiniboia (Mr. Argue), having regard to Monday being the last private members' day, would have permitted the clearing away of a number of cases on a subject that is receiving general attention from members of the C.C.F. party.

I want to make it perfectly clear that this suggestion was not made to me nor, as far as I know, to any other member of the C.C.F. party. On the basis of our attitude on this question in the past, on the basis of proposals we have made about bringing on such a debate, I would suggest that any proposal for unanimous consent to have the subject of apartheid brought forward on Monday would have received our consent. The Prime Minister went on to say:

> If that had been so, we could have placed on private members' motions a motion similar to the one indicated by the hon. gentleman—

That is, the Leader of the Opposition.

> —and with consent could have proceeded to discuss it.

I want to point out that if such a private member's motion, not a government motion, had been placed on the order paper it would have been No. 53 and could not have been debated at that point except by unanimous consent. My question of privilege is that I was not asked on behalf of the C.C.F. group to agree to any alteration of business, and I would point out that anything that could have been done by consent on Monday could have been done by consent on Wednesday.

NATIONAL DEFENCE

PERSONNEL OF SPECIAL COMMITTEE TO EXAMINE EXPENDITURES

Mr. John Pallett (Peel) moved:

> That the special committee on defence expenditures, appointed on March 18, 1960, be composed of Messrs. Baldwin, Carter, Chambers, Fairfield, Forgie, Halpenny, Hellyer, Lambert, MacEwan, Parizeau, Pratt, Roberge, Smith (Calgary South), Webster and Winch.

Motion agreed to.

REFERENCE OF ESTIMATES OF DEPARTMENT TO SPECIAL COMMITTEE

Hon. Gordon Churchill (Minister of Trade and Commerce) moved:

> That items numbered 217 to 237 inclusive, as listed in the main estimates of 1960-61, relating to the Department of National Defence, be withdrawn from the committee of supply and referred to the special committee on defence expenditures, saving always the powers of the committee of supply in relation to the voting of public moneys.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the minister, with regard to the motion he has just moved, how it will be possible to refer these estimates to a committee which, by its terms of reference, will be prevented from

dealing with them? Before the motion is adopted would the minister deal with that question?

Mr. Speaker: I am sorry, but I am informed that the motion is not debatable. It may either be accepted or rejected.

Hon. J. W. Pickersgill (Bonavista-Twillingate): In that case perhaps I might raise a point of order with respect to whether the house should entertain this motion to send to a committee, which has specific terms of reference set out by the house, a reference which, under those terms set by the house that committee would not have the power to deal with. Perhaps the house leader could deal with the point of order.

Mr. Churchill: The point of order would be decided by standing order 57, which reads as follows:

A motion, to be decided without debate or amendment, may be made without notice during routine proceedings by a minister of the crown withdrawing any item or items in the estimates from the committee of supply and referring the same to any standing or special committee and, upon report from any such committee, the said item or items shall stand referred to the committee of supply.

Mr. Speaker: If there is any substance to the point of order I suppose it would be that this motion is in conflict with a previous motion of the house. But I would think the house is free to enlarge its reference at any time by adopting this motion. There is really no point of order arising from this motion which is now before the house.

Is it the pleasure of the house to adopt the motion?

Motion agreed to.

DEFENCE PRODUCTION

REFERENCE OF ESTIMATES OF DEPARTMENT TO SPECIAL COMMITTEE

Hon. Gordon Churchill (Minister of Trade and Commerce) moved:

That items Nos. 66 to 74 inclusive, as listed in the main estimates of 1960-61, relating to the Department of Defence Production, be withdrawn from the committee of supply and referred to the special committee on defence expenditures, saving always the powers of the committee of supply in relation to the voting of public moneys.

Motion agreed to.

MOTIONS FOR PAPERS

BRITISH COLUMBIA PENITENTIARY INMATES

Motion No. 92—Mr. Howard:

For a copy of all correspondence, telegrams and other documents exchanged between the federal government or any agency or branch thereof, and any provincial government, person, or organization since January 1, 1957, dealing with amnesty, pardon, parole or remission for any inmate in the British Columbia penitentiary.

[Mr. Pearson.]

Hon. E. D. Fulton (Minister of Justice): I spoke to the hon. gentleman about this motion, and I think I should point out to the house that the subject matter dealt with therein, amnesty, pardon, parole or remission, it seems to me is one dealing with the prerogative powers of the crown, with the exercise of which the government is specifically charged, and as such it has always been a principle of this house that such a matter should not be inquired into by the house and that the documents relating thereto should be treated as confidential. It would not be in the public interest to make them public.

On this ground I suggested to the hon. member that he might agree to drop the motion. I also pointed out to him that the number of files involved would be enormous, within the terms of the motion as framed, and I indicated to him that if he had an interest in any one particular file I would be prepared to consider, on a personal and confidential basis, an arrangement that would allow him to look at the file. Under those circumstances I understand the hon. member will agree to allow the motion to be dropped.

Mr. Howard: That is quite true, Mr. Speaker.

Mr. Speaker: Since the motion has not been put I presume it may be withdrawn.

Order discharged and motion withdrawn.

DISALLOWANCE OF LABOUR LEGISLATION, NFLD.

Motion No. 93—**Mr. Winch:**

For a copy of all correspondence, telegrams and other documents exchanged, during the past twelve months, between the federal government, or any agency or branch thereof, and the province of Newfoundland; and any interdepartmental correspondence and documents, dealing with disallowance or otherwise of labour legislation passed by the legislature of Newfoundland.

Hon. E. D. Fulton (Minister of Justice): When this motion was first called a week or so ago I pointed out that it seemed to be divided into two parts, one asking for the production of correspondence between governments and the other asking for the production of interdepartmental correspondence. Since that time the hon. member and I have had a discussion, and he pointed out that what he really had in mind in the words "interdepartmental correspondence" was a copy of any order in council or similar document dealing officially with the matter of disallowance.

He also pointed out that previously there had been a number of occasions when such

documents of the class I have just mentioned were produced. On that basis, if the words "interdepartmental correspondence", were to be interpreted as meaning the official report of cabinet decisions regarding disallowance, I would have no objection.

With respect to the first part of the motion, then, I would ask that it be accepted, subject to the usual arrangement that the consent of the provinces be sought.

Mr. Winch: May I ask through you, Mr. Speaker, whether the Minister of Justice includes in what he is prepared to file under the latter part of the question what has been filed on occasions in the past, and particularly in 1938; the report of the minister of justice on the question of allowance or disallowance?

Mr. Fulton: I have not the case of 1938 but I have one in 1945 with regard to the possible disallowance of certain Saskatchewan statutes, in which case the then minister of justice tabled in the house his report to council and the council minute. With respect to these Newfoundland statutes I would be prepared to table similar documents if they exist, but it is my recollection that my report to the council was oral. We will certainly produce any such minute of council that exists with respect to this matter.

Mr. Speaker: I am not sure whether what has been said will give any different effect to the motion from that which the words impart. Perhaps if the hon. member who moves the motion is satisfied with the proposed interpretation of it and the house is willing to deal with it on that basis, it may be so dealt with, but I should think it would be preferable to have the motion amended.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Since this is a motion which the house is being asked to adopt, it seems to me it would be preferable to have the motion in the form in which the government intends to comply with it.

Mr. Speaker: It appears to me that it would be more satisfactory if the motion said what it was intended to say. I suggest that it stand, be reworded and brought forward again. Is it agreeable to the house that the motion stand? Is the hon. member for Vancouver East agreeable?

Mr. Winch: Yes.

Mr. Speaker: Stand.

Motion stands.

79951-0—218

Inquiries of the Ministry

SECTION 64, INDUSTRIAL RELATIONS AND DISPUTES INVESTIGATION ACT

Motion No. 95—**Mr. Howard:**

For a copy of all orders in council made since January 1, 1950, which altered the remuneration payable under section 64 of the Industrial Relations and Disputes Investigation Act.

Hon. Michael Starr (Minister of Labour): I wonder whether the hon. member would be agreeable to allow this motion to stand.

Mr. Howard: Yes.

Mr. Speaker: Is it agreeable that this motion stand?

Some hon. Members: Agreed.

Mr. Speaker: Stand.

Motion stands.

NATIONAL DEFENCE

INQUIRY AS TO REVIEW OF CANADA-U.S. AIR DEFENCE POLICY

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Minister of National Defence whether he will comment on reports attributed to him over the week end to the effect that the whole question of Canada's part in air defence policy is to be considered at the next meeting of the United States-Canada joint cabinet committee.

Hon. G. R. Pearkes (Minister of National Defence): At the next joint meeting between ministers from Canada and from the United States, scheduled to be held on July 11 and 12, next, the air defence policy of Canada and the United States, as far as defence of the North American continent is concerned, will be reviewed.

Mr. Pearson: As a supplementary question may I ask whether the minister intends to introduce his estimates into this house shortly so there can be a review of defence policy in the house?

Mr. Pearkes: I understood that my estimates had been referred to a committee, the members of which have been announced to the house today.

Mr. Hazen Argue (Assiniboia): Can the minister say whether it is the intention of the government to have Canada's air defence policy, and particularly our expenditures on the Bomarc missile, considered by this committee?

Mr. Pearkes: The committee has every right, if it sees fit to do so, to examine any expenditures of the Department of National Defence of any kind during the period which

was indicated by the Prime Minister. As far as the estimates for this year are concerned, there are in those estimates amounts for the construction of the Bomarc sites. Therefore it would be perfectly within the right of the committee to examine those expenditures.

Mr. Argue: A further supplementary question. I appreciate the minister's answer but would the committee, in his view, have the power to recommend the deletion of the item in the estimates covering the Bomarc missile?

Mr. Speaker: I do not think that is a proper question. It is a matter of the interpretation of the references to the committee which have been made on two occasions by the house, and it certainly is not the administrative responsibility of the minister to interpret the committee's power.

Mr. Pearson: May I ask the Acting Prime Minister whether it is the intention of the government to provide an opportunity to discuss the whole question of defence policy in this house before this particular committee has reported back to the house?

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, the estimates of the Department of National Defence for the fiscal year 1960-61 have been referred to the committee—

Mr. McIlraith: Saving our right to discuss them.

Mr. Fleming (Eglinton): Yes, of course, saving the right of the committee of supply. That means that when the committee reports back to the house the estimates must come back before the committee of supply, and full debate may occur in committee of supply.

Mr. Pearson: Then we will be discussing defence expenditure before the committee, but not defence policy until that committee has reported back to the house?

Mr. Fleming (Eglinton): With respect, I think the hon. gentleman is not quite right. Certain functions were assigned by the house to the committee with respect to defence expenditure. The house also referred to that committee today certain tasks with respect to the defence estimates for the current fiscal year. As the Minister of National Defence has already pointed out, included in the estimates for the current fiscal year are sums proposed with respect to the development of the Bomarc sites. Therefore in the committee there will be full opportunity for any hon. member to make inquiry on this matter, and then when the committee chooses to report to the house there will be the usual opportunity for debate in committee of supply.

[Mr. Pearkes.]

Hon. Paul Martin (Essex East): I would like to ask a supplementary question of the Acting Prime Minister. Does he not believe that in view of the great developments in the United States with regard to the Bomarc missile and the very important fundamental changes in policy of one of Canada's major partners, the United Kingdom, the time has arrived in this country when the earliest opportunity ought to be provided for the fullest discussion in this chamber of national defence matters?

Some hon. Members: Today.

Mr. Fleming (Eglinton): Mr. Speaker, the house has referred the matter to a committee, and as I understand it the committee will meet as soon as the members so decide.

Mr. Martin (Essex East): May I ask the Minister of Finance if he does not appreciate that only the estimates have been referred to this committee, in connection with which there could be a limited discussion of the expenditures of the department. Will the Acting Prime Minister arrange for the earliest discussion of the department's estimates?

Mr. Fulton: Supply motion today.

Mr. Martin (Essex East): Of the department's estimates. When will the minister be in a position to make a statement on policy, not merely to answer specific questions but to make a statement on policy which at this time the newspapers clearly indicate is the wish of the Canadian people?

Mr. Fleming (Eglinton): The hon. member asked for a review of the estimates. That is precisely what the house has provided for in this reference of the estimates of the Department of National Defence for 1960-61 to the committee. I do not know whether the hon. member is a member of that committee—

Mr. Martin (Essex East): No.

Mr. Fleming (Eglinton): —but surely nothing could be done to offer fuller or more effective opportunity for detailed review of estimates than that they should be referred, as they have been by the house this afternoon, to that committee. It would then rest with the committee to report back to the house as soon as it chooses.

Mr. Pearson: May I ask the Minister of National Defence whether it is his intention to appear before this committee to state government defence policy.

Mr. Pearkes: I shall make myself available to that committee whenever it is possible.

[*Later:*]

Mr. Pearkes: Mr. Speaker, may I make a correction to a statement I made earlier. The dates for the meeting are the 12th and 13th, not the 11th and 12th, as I stated.

BOMARC MISSILE—INQUIRY AS TO POSSIBLE CHANGE IN CANADIAN POLICY

On the orders of the day:

Mr. Hazen Argue (Assiniboia): May I direct a question to the Minister of National Defence which arises out of the far-reaching developments in the United States with regard to the Bomarc missile. Has there been any change in the policy of the Canadian government toward the Bomarc missile as the result of these developments?

Hon. G. R. Pearkes (Minister of National Defence): The developments to which the hon. member refers were a recommendation of the appropriations committee to the House of Representatives. As far as the government of the United States is concerned there has been no change in its policy regarding the Bomarc. As the hon. member knows, after the matter has been considered by the House of Representatives the report of the appropriations committee of the Senate will then have to be considered, and the final decision in this matter is not expected until the end of June.

Mr. Argue: Mr. Speaker, I do not want to press the minister too hard, but my question was this. In view of developments in the United States has there been any change in the policy of the Canadian government toward the missile?

Mr. Pearkes: The Canadian government entered into an agreement with the United States government 18 months ago to construct two Bomarc missile bases in Canada as part of a chain of Bomarc missile bases across parts of the North American continent. Until the government of the United States changes its policy, notifies us of a desire to change it or consults us regarding a change, Canada intends to live up to this agreement.

ELLIOT LAKE—REPORTED PROPOSAL TO ESTABLISH TRAINING CENTRE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Minister of National Defence whether his department proposes, as reported, to set up a training establishment at Elliot Lake.

Hon. G. R. Pearkes (Minister of National Defence): As the Leader of the Opposition knows, the government as a whole has been investigating various means by which it could help to rehabilitate Elliot Lake, and the Department of National Defence has been making inquiries as to the practicability of establishing a training centre there.

FISHERIES

MARKETING ACT—INQUIRY AS TO ROYAL COMMISSION RECOMMENDATION

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Minister of Fisheries, notice of which I sent him, and ask whether he could inform the house what steps are being taken to put into effect the recommendation of the royal commission on food price spreads for a federal fish marketing act which would enable the provincial governments which wished to do so to pass their own legislation and thus regularize the negotiation of prices to fishermen.

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. The report of the royal commission on price spreads on food products is under study by the government at the present time, and has been for some time. No action or decision has yet been taken with regard to the recommendation in the commission's report referred to by the hon. member.

Because of the need for thorough study and consideration of this section of the report, as well as the other recommendations, it is unlikely that legislation will be introduced at this session dealing with the subject of a federal fish marketing act.

Mr. Howard: A supplementary question, Mr. Speaker. When this takes place will it be as a result of discussions between representatives of the industry and organizations in the fishing industry as well?

Mr. MacLean (Queens): Before a decision is taken to introduce such legislation the industry would certainly be consulted.

Mr. Howard: And the union?

INQUIRY AS TO EXTENSION OF COASTAL FISHING RIGHTS

On the orders of the day:

Mr. L. R. Crouse (Queens-Lunenburg): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. In view of the failure of the United Nations conference to set new limits for territorial waters and coastal fishing rights, will the minister inform the house when Canadian fishermen can expect the abolition of the twelve-mile limit and the extension of fishing rights in

Canada's coastal waters similar to those enjoyed by fishermen in all other countries?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, first I should like to clear up a point that is implied in the question which I know is not intended to be misleading. With reference to Canadian fishermen it is only large Canadian trawlers, over 65 feet in length, that are excluded from the area between the territorial waters of Canada and nine miles beyond, and that is only true in certain parts of Canada and does not apply in Newfoundland, for example, or on the Pacific coast.

I think it would be too early to say what action may be taken by the government, or what proposals the government may make by way of amendment to the appropriate acts, but the matter is under close consideration at present in the light of developments which took place at Geneva.

HOUSING

NEWFOUNDLAND—ST. JOHN'S LAND ASSEMBLY PROJECT

On the orders of the day:

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, may I reply to a question of the hon. member for Bonavista-Twillingate addressed to the Minister without Portfolio and then to myself on Friday last, as reported at page 3398 of *Hansard* of April 29 in these words:

> May I ask the Minister without Portfolio whether he is in a position to make a report on the proposed housing development in metropolitan St. John's, about which he made a public announcement some time ago?

In reply, Mr. Speaker, let me say that preliminary work in connection with the investigation of the proposed land assembly project is proceeding. The work includes such matters as the carrying out of boundary surveys, the preparation of contour plans, and investigations into the cost of acquiring the land as well as the cost of installing such services as sewage, water mains and roads.

COAL

NOVA SCOTIA—INQUIRY AS TO ACTION TO PREVENT CLOSING OF MINES

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, may I direct a question to the Minister of Mines and Technical Surveys. Can the minister give an assurance to the house that the government is taking the necessary action to avert the closing of coal mines in Nova Scotia this year, as contemplated by certain coal operators of the area?

[Mr. Crouse.]

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, in answering this question I think it would be well to inform the house that around April 20 last, we were notified by Mr. A. L. Fairley, Jr., president of Dominion Steel and Coal Corporation, Limited, that seven of their nine collieries would not be in production for five days commencing Monday, April 25. This is the first of a series of temporary shut-downs that will be scheduled during the summer months of this year. They are caused by a shrinkage in coal consuming markets due to competition from secondary power, natural gas and oil. It is not possible at this time to state the total number of non-producing days that will be in effect this year.

The total production of the seven collieries for a five day period would average approximately 85,000 tons. The two collieries which will continue in full-time operation are No. 26, Dominion Coal Company at Glace Bay, Cape Breton Island and McBean, Acadia Coal Company at Thorburn, Nova Scotia mainland.

At the same time I should say that last week the fact-finding committee held a sitting here in Ottawa attended by the Minister of National Revenue and myself, Premier Stanfield, representatives of the united mine workers association and the provincial minister of mines, Mr. Manson and also the chairman of the coal board. They have produced their report and conclusions based on the hearings they held, and we are actively studying those conclusions and recommendations. Everything is now before the government, and when I have a statement to make I will inform the house.

Mr. Robichaud: A supplementary question, Mr. Speaker. Can the minister inform the house whether any action has been taken not only to prevent a cut-back but to avert the complete closing of certain mines?

Mr. Comtois: I should say, Mr. Speaker, that there were no closings at all during the whole winter. The only thing that is contemplated at this time by the company is a temporary shut-down during the summer months. As far as complete closings are concerned, no decision has been taken, even by the company.

PUBLIC WORKS

CONSTRUCTION OF DREDGE FOR USE ON PACIFIC COAST

On the orders of the day:

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, on April 28 last the hon. member for Laurier made some inquiries about the new hopper dredge on the

west coast, two of which questions I answered and the third of which was:

—will he inquire from his departmental officials whether it is a fact that the laying of the keel of the dredge was postponed?

The reply is that there has been no delay in the laying of the keel. The contract for the construction of this new dredge was signed by the contractor on March 16, 1960. The keel is expected to be laid some time in the latter part of May.

As the hon. member would know, before the actual construction of the dredge could be commenced, working drawings had to be prepared by the shipyard and approved by the department. There has been no delay in the laying of the keel, as it would be impossible for the contractor to have taken any action toward preparing working drawings before December 29, 1959, the date on which he was advised by registered mail that he had been awarded the contract.

INQUIRY FOR RETURN

LAND ASSEMBLY PROJECT, ST. JOHN'S, NFLD.

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, may I ask the Minister of Public Works whether he can say how soon he expects to be able to table the documents with reference to the St. John's land assembly project, which was ordered by the house before the Easter recess.

Hon. D. J. Walker (Minister of Public Works): Oh, yes; I think by tomorrow I shall be able to table the documents. I thank the hon. member for asking the question.

NORTHERN AFFAIRS

MAGAZINE ARTICLE CONCERNING CONSTRUCTION OF SCHOOL AT OLD CROW

On the orders of the day:

Mr. Erik Nielsen (Yukon): May I ask the Minister of Northern Affairs and National Resources whether he is able to reply to the question I directed to him on March 30 last, in his absence, concerning the flying of supplies for the construction of the Old Crow school.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, in reply to the hon. member for Yukon, the decision to fly certain supplies into Old Crow was taken because of the inability of the transportation services available on the river to carry the full amount of freight that would have to be carried in if the school were to be opened this fall.

Mr. Nielsen: May I ask a supplementary question. Will the minister check with the officials of his department? In view of the information I have recently received, is it still the intention of the department to fly in those supplies for the construction referred to?

Mr. Hamilton (Qu'Appelle): I was checking with the department on Friday on this subject, and the decision is still the same.

PENITENTIARIES

ST. VINCENT DE PAUL—REPORTED SLAYING OF INMATE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to address a question to the Minister of Justice. Is the minister able to give the house any information regarding the reported slaying yesterday of an inmate in St. Vincent de Paul penitentiary?

Hon. E. D. Fulton (Minister of Justice): The information is much the same as reported in the *Gazette* this morning to the effect that the warden of St. Vincent de Paul penitentiary has reported that while the inmates were returning to their cells following the church service on Sunday morning, May 1, at approximately 10 minutes past 10, inmate Laurent was observed to fall while proceeding with the other inmates along the second gallery of the dome toward his cell on the third level. The officers on duty immediately went to his assistance and found that he had been stabbed in the back with a sharp instrument. The physician and chaplain were summoned immediately, but inmate Laurent died shortly afterward. The homicide squad of the Quebec provincial police took charge of the investigation, which is still under way.

Mr. Howard: A supplementary question The minister may not have the information readily available, but can he indicate just where the physician was at the time the man fell? Where did he have to be called from?

Mr. Fulton: I will get that information, Mr. Speaker.

TRADE

WHEAT—REPORTED AGREEMENT FOR SALE TO INDIA BY UNITED STATES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, my question to the Minister of Trade and Commerce arises out of a report in today's press that the United States and India will sign this Wednesday an agreement by which the former will sell to India over four years more than $1 billion

worth of surplus wheat, to be paid for in rupees. Will the minister advise the house what effect this agreement may have on the sale of Canadian wheat?

Hon. Gordon Churchill (Minister of Trade and Commerce): I doubt very much whether it will adversely affect the sale of Canadian wheat. Our commercial market in India is limited, but we are watching this development very closely and we will have more information later on concerning this agreement.

Mr. Pearson: May I ask the minister whether the Canadian government was consulted before the agreement was made, and also whether the Indian minister of agriculture, who is now in Washington, is to visit Ottawa?

Mr. Churchill: The information was made available on the official level, Mr. Speaker. The United States has been very co-operative in keeping us informed with regard to their surplus disposal program; and Mr. Patil will be here in Ottawa this week.

Mr. Hazen Argue (Assiniboia): Has the Canadian government given any consideration to the adoption of a similar policy so that we may have a greatly needed expansion in Canadian wheat exports?

Mr. Churchill: The government of Canada has been pursuing this policy for the last three years in regard to giving assistance to countries like India, which are in need of food.

Mr. Argue: Has any consideration been given to the provision of Canadian funds for wheat in exchange for Indian rupees in anything like the size of the United States deal?

Mr. Churchill: There is a difference in the size of the countries, our population, the wealth of Canada and the United States; but the hon. gentleman knows that counterpart funds have been set up in India when we have made gifts of food to that country.

BUSINESS OF THE HOUSE

CANADA SHIPPING ACT—INQUIRY AS TO AMENDMENT THIS SESSION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): On February 24 last, Mr. Speaker, the Minister of Transport told us that it might be possible that changes in the Canada Shipping Act, which have been pending for two years now, would be introduced at this session. Can he give us any more information as to whether those amendments are to be put into effect this session?

[Mr. Pearson.]

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I hope to be able to introduce this session amendments to the Canada Shipping Act affecting pilotage on the great lakes.

FLOODS

MANITOBA—INQUIRY AS TO AGREEMENT ON RED RIVER CONTROL PLAN

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Minister of Northern Affairs and National Resources a question. Does the government expect to reach an agreement with the government of Manitoba during the course of the present session of parliament concerning flood control in the Red river valley?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I am not able to say with certainty that the agreement will be reached, but proposals have been put forward and are now under discussion.

Mr. Pickersgill: Are the negotiations continuing?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Speaker.

INDIAN AFFAIRS

SUGGESTED REVISION OF HANDBOOK RESPECTING RIGHT TO VOTE

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Citizenship and Immigration. My question is based on a publication of the Indian affairs branch entitled "A Handbook for Indian Band Chiefs and Councillors". On pages 14 and 15 reference is made to the waiver forms of the Canada Elections Act, and the right of Indians to vote. Will the minister undertake to have this revised in order that no confusion will exist in the minds of the people who are circularized?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I am sure that will follow in the normal course of events after action has been taken.

AGRICULTURE

PORK—DISCONTINUANCE OF DISTRIBUTION IN SASKATCHEWAN

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of Agriculture what protests he has received from charitable and welfare organizations in Saskatchewan arising out of

his announced decision that free canned pork will no longer be provided to that province.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I have received no protests. I should like to make it clear that Saskatchewan has received a very much larger quantity of this free pork than any other province. From information which has come to light during the past week it would appear that they have received all the pork required for the purposes for which it was made available, that is for the relief of needy cases, people on municipal relief and so forth.

Mr. Martin (Essex East): Has the minister not received protests from at least three of the hospitals in the province of Saskatchewan?

Mr. Harkness: No, Mr. Speaker.

SUPPLY

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

FEDERAL AID TO ATLANTIC PROVINCES

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, there are a good many subjects on which the opposition might, with profit to the Canadian people, express grievances against the administration of the country by the present incumbents of the treasury benches; but we have felt that it would be indelicate at this particular time, with the Prime Minister (Mr. Diefenbaker) absent from the country on the nation's business, to introduce a motion which would be in any way controversial. Therefore I have been chosen, for obvious reasons, to introduce a motion—which I intend to do before I resume my seat but not immediately—which we believe will commend itself to every hon. member; which will not express any condemnation whatsoever of the present administration, but will instead make an appeal to the administration to undertake certain things which we believe, and which we feel some of their supporters will also believe, would be in the general interests of Canada.

This, of course, is not an unprecedented use of the right of the opposition on a supply motion. The Acting Prime Minister (Mr. Fleming) will, I know, well recall several occasions on which this course was followed when he was over here and the opposition invited the government and its supporters, perhaps its supporters more particularly, to join in a unanimous expression of the views of the house. I do hope that when the vote comes tomorrow it will be possible to have the somewhat rare spectacle on supply days of such a unanimous vote.

Federal Aid to Atlantic Provinces

What I am going to talk about is the present position of the Atlantic provinces. This will not surprise the Minister of National Revenue (Mr. Nowlan) or the Minister of Veterans Affairs (Mr. Brooks) or the Minister of Fisheries (Mr. MacLean) or the Minister without Portfolio (Mr. Browne), all of whom are here today. We can only commend them for being here, unlike some of their colleagues on some previous occasions, and for anticipating that such a course would be followed. I said that I thought the government would perhaps be more apt to listen to this kind of appeal at this particular time. I do not propose to elaborate on that statement. I think it will be understood by every hon. member who wishes to understand and not misunderstand me.

It is just three years since the people of this country were engaged in listening to the candidates in an election campaign which some of us on both sides of the house are not apt to forget for a considerable time. In the Atlantic provinces the people were told by some hon. gentlemen now opposite that they were going to do something in the Atlantic provinces to increase the economic activity of that area, to increase the welfare of people in that area, to give it a closer approach to equality with other parts of the country than had been the case during what they were pleased to describe as the 22 years of Liberal neglect.

I want to say a word or two very briefly about those 22 years of so-called Liberal neglect in the Atlantic provinces. First of all I should like to recall to the minds of hon. members one of the best of all indices by which one can judge the effects of that neglect. Hon. members will recall that during the war it was necessary for the government of Canada to enter into agreements with the provinical governments—with all of them, I might add, because all of them did enter into these agreements at that time—for the renting of the direct tax fields, income and corporation taxes, that were occupied at that time by the federal government and by most of the provinces, though not by all of them.

In the year 1945, at the end of the war, the Atlantic provinces were receiving by way of rental payments—I should rather say the maritime provinces, because at that time Newfoundland was not a part of Canada—$7\frac{3}{4}$ million in lieu of the exercise by those governments of their taxing powers in those fields. That was in 1945. In the year 1956-57, the last full year the Liberals were in office, as the Minister of Finance is so fond of describing it, the three maritime provinces—here I am deliberately leaving Newfoundland out so the comparison will be exact—were

receiving $43 million from the same taxation fields in lieu of the exercise of their rights of taxation, that is to say, about five and a half times as much as they had been receiving in 1945. In 1957-58, the year in which this government came into office, without any thanks whatever to this government because, as the Minister of Finance pointed out the other day, he voted against this legislation about which I am talking, the three maritime provinces were receiving under the tax-sharing arrangements $52 million. The increase made by Mr. Harris' legislation of 1956, which came into operation in the year 1957-58, was $9 million, and this was in the last year of our so-called neglect.

What does this mean, sir? It means that in only the last 12 years out of the 22 years what these provinces were receiving in the way of tax-sharing payments or equalization payments had risen from $7.75 million to $52 million or had been multiplied, as hon. members can very well see, something like seven times. Now, that is a very considerable increase indeed.

If other evidence were needed or desired as to the way the maritime provinces fared during this period that has been described as a period of Liberal neglect, there are two or three rather striking statistics that I can cite. In the first place, between 1936 and 1956 the population of greater Halifax rose from about 75,000 to 165,000. The number of motor vehicles registered in the province of Nova Scotia rose in that period from 45,000 to 150,000. The provincial revenues of Nova Scotia rose from $10 million to $57 million. This does not suggest, sir, that there was no advance in that area. In New Brunswick the population increased even faster than it did in Nova Scotia. The population of the whole province rose from 428,000 to 565,000 during those 20 Liberal years. The number of motor vehicles in New Brunswick rose from 31,000 to 116,000. I do not say that the motor vehicle is the only measure of the wealth of a community, but it is certainly a measure and perhaps, in our kind of society, not an altogether inaccurate measure.

I have had some calculations made and to the best of my ability I have based those, so far as possible, to take account of the fact that a certain thing did not appear at the end of a calendar year or at the end of a fiscal year. A certain very important event, for instance, happened on June 21, 1957, and this makes it a little difficult to measure these things precisely. However, it does appear that during the three years Mr. Harris was minister of finance of this country the personal income, the real income—here I am making due allowance for the change in the value of money and for inflation so the figures will be comparable—of the people in the Atlantic provinces increased at a very much more rapid rate than has been the case since. There has been some increase since, but the increase during the last three years the Liberals were in office was very much more marked.

When one turns to employment, the situation is even more startling. I am not saying anything about whether or not these figures are an accurate measure of unemployment; that is another matter. But certainly if you take the figures for one year and compare them with another year they are a pretty accurate measure of the change. When we were appealing to the people in the spring of 1957, or at the available date closest to that for purposes of comparison, and this is the poorest date I could take from our point of view, there were registered at the unemployment offices and looking for work in the Atlantic provinces, nearly 95,000 persons. On March 20, 1958 there were 135,000 and on March 19, 1959 116,800. This year there were 116,500. When you make allowance, sir, for the fact that in the last year the fishermen were treated as though they did not exist and were deducted from the figures, it will be seen that unemployment is very much more considerable in the Atlantic region now than it was when we went to the country.

Mr. Browne (St. John's West): Are these figures for the four provinces?

Mr. Pickersgill: Yes, for what is called the Atlantic region. I must point out, of course, that when we went to the country in 1957 there was a considerable amount of seasonal unemployment and had been during that past winter, as everybody on the Liberal side of the house admitted. In contrast, we have been told by the Minister of Labour and by other hon. gentlemen opposite that the recession is now over; that we are at the beginning of a year in which they expect a very substantial improvement, if not a boom.

When you look at certain of the key industries in the Atlantic area you can once more make a comparison which is not very flattering. A few moments ago the hon. member for Gloucester asked the minister of mines a question about coal. Of course we remember the advertisements, and we remember those pictures that appeared in the newspapers of Mr. Diefenbaker and Mr. Stanfield side by side on the public platform in Nova Scotia during the June election campaign of 1957, promising to increase coal production. Our leader during that election campaign told the truth. He said he would not promise to increase coal production, but he would

promise that we would not allow the coal towns to become ghost towns. He was pilloried by hon. gentlemen opposite all over the maritime provinces for that truthful, straightforward statement. I think today, when you compare the two of them, you would rather have been responsible for making the one statement than the other, because coal production has declined steadily ever since that statement was made.

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

Mr. Pickersgill: Certainly.

Mr. McCleave: At that time did not his leader, Mr. St. Laurent, suggest that coal was too valuable to be burned and should be kept in the ground?

Mr. Pickersgill: I am very grateful, as I always am, to the hon. member for Halifax (Mr. McCleave), who has just asked me a question. He has given me an opportunity to state what Mr. St. Laurent said. I was there and I heard what he said. I have in my files the text of what he stated, although I have not got it right here. I will not guarantee to reproduce every word, but I will guarantee to give the correct sense of what he said. What he said was this. He believed that the time would come before too many years when coal, as a chemical and as a source of other chemicals, would be much more valuable than it would be as a fuel, and that apart from any other consideration he believed that was one reason why it would not be desirable to increase the production of coal. But he went on to say and to make very clear that what we intended to do—as we had been doing, I might say, up to that time—was to see that the coal industry was not allowed to decline to the point where these towns would become ghost towns. That was our position, and it was honestly stated.

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

Mr. Pickersgill: Certainly.

Mr. MacInnis: Is the hon. member now saying that the Fredericton *Gleaner* incorrectly reported what Mr. St. Laurent said at that time, or is he now prepared to make an apology as called for in the front page editorial?

Mr. Pickersgill: There is a certain *non sequitur* in the hon. member's question which I shall deal with a moment. I believe the Fredericton *Gleaner* reported quite accurately what Mr. St. Laurent said, but I also believe that it misinterpreted what he said. About that particular matter I have no apology of any kind to make. I am sorry—and the hon. member knows this as well as I do—that I have not been able to find that particular copy of the Fredericton *Gleaner*. I have really made a thorough search. I even went to the length of asking the hon. gentleman to lend me his copy so I could refresh my memory as to precisely what it said.

Mr. MacInnis: I will see that it is made available.

Mr. Pickersgill: I shall be glad at any time to deal in detail with the point. But after all, whether I apologize or do not apologize to the Fredericton *Gleaner* is not going to change the fate of this country very much. I do not think the hon. gentleman and I want to get into any controversy just now about this matter. However, if I said anything that was inaccurate, I think hon. members know well enough that I have always been willing to admit an inaccuracy and correct it whenever it was drawn to my attention. I hope I shall always continue to do that. Whenever I find one myself, as hon. members will recall from certain experience in this house, I have not hesitated to do that either.

I say, Mr. Speaker, that it seems to me the time has clearly now arrived when we cannot go on contemplating much longer this steady decline in the coal industry without doing two things. The first is to try to arrest that decline to the limit that it is possible to do it, using every reasonable device; but also certain other devices should be used for putting something else in its place in that area, something which I think is perhaps even more important.

The situation in the fisheries is not as serious as it is in the coal industry, but it is serious. The output of the Atlantic fisheries is nearly all sold outside of Canada. The fisheries industry is, to a much more substantial degree even than the wheat industry, dependent upon export markets. I think that fact is not nearly as widely realized in Canada as it should be. Like all our primary export industries the fishing industry has suffered in the last few years from the cost-price squeeze. The price of the product has not gone up or has not gone up substantially in most cases—in some cases has not gone up at all and in some cases has gone down—while the cost of production has gone up and the cost of living of the producers has also gone up. You can make almost a complete parallel between the cod fishery and the wheat industry from an economic standpoint, except in one respect. While the government once in a while, seems to be aware

of the wheat industry—although they are less and less aware of it as time goes on—they seem to be totally unaware of the plight of the fishermen.

Agriculture in the Atlantic provinces is unquestionably very much worse off than it was three years ago. Perhaps relatively it is not much worse off than is agriculture in the rest of Canada which, after the false dawn, has been overcast by the clouds emanating from the government rain-making machine so far as the farmers' hopes are concerned. Farmers often hope for rain at the right time but unfortunately the rain from this government always seems to come at the wrong time, namely at the time when the crops are ready for harvesting and not at the time when the crops would be improved.

I think, Mr. Speaker, I had better drop that figure of speech before it drops me. However, there are among my colleagues from the Atlantic provinces others who have a much more intimate knowledge of this subject than I. It is true that I have in my constituency two of the best agricultural areas in the whole of Newfoundland, but even when I have said that I could be accused of exaggerating if I said that agriculture had the same importance in Newfoundland that it has in any of the three other maritime provinces, because up to now it has not had the same importance.

What about provincial finances? I say something about this because, as I said, I am seeking to be absolutely fair about this whole matter. I say there is no question but that in one or two respects the governments of the Atlantic provinces are better off than they would have been if no change had been made in the law since June 21, 1957. I at once admit that fact. I have never failed to admit it in any circumstances. I think the adoption by this parliament, at the request of the present government, of the Atlantic provinces grants was a beneficent measure which I was pleased to support and for which I have always given this government credit.

I think we must also give this government credit—and perhaps they will not be so anxious to take this credit as the one I have just given them—for the fact that when Mr. Harris was minister of finance it was possible for all the Atlantic provinces to float loans in Canada at rates of interest which were considerably below those which have been prevailing in the last year or so. What is more, Mr. Harris was paying off the national debt. In the last year he was in office he paid off a billion dollars of the national debt, a fact which left a great deal of room for other public borrowers to go to the market. In his day the provincial governments were not facing from the national treasury or from the minister of finance the kind of competition which they have faced in the last year and which has driven them to borrow in New York, with consequences which it is not easy to foresee but which could be quite serious.

As to these Atlantic provinces grants—and I say this because I anticipate that the matter will be raised by some hon. gentleman opposite—I want to say a word or two about their earlier history. The idea of something more than tax rental or equalization was first proposed by Mr. Henry Hicks when he was premier of Nova Scotia, at the preliminary meeting of the federal-provincial conference of 1955, on April 26 of that year. The proposal will be found set out at pages 22, 23 and 24 of the proceedings. I do not intend to say anything beyond drawing attention to the fact that it was made in terms which were of universal application to every province of Canada. What Mr. Hicks suggested was really carrying out the idea of fiscal need as set out in the Rowell-Sirois report and providing a formula to meet somewhat different conditions.

In the autumn, at the main conference on October 3, 1955 Mr. Hicks elaborated his proposal and Mr. Flemming, the premier of New Brunswick, also made a proposal which was somewhat different in character. At that particular time those proposals were very seriously considered by the government of the day; I say that of my own knowledge. The government of the day had already in its proposals to that conference suggested making another $100 million a year available to the provinces under the new legislation, over and above the old. It was a little over $100 million. Hon. members will see that by looking at *Hansard* for last Wednesday, when the Minister of Finance replied to a starred question of mine and indicated that in the last full year the Liberals were in office the provinces received or were given abatements equal to $523.3 million, and in the next year, 1957-58, these payments and abatements amounted to $628.9 million, that is to say an increase of nearly $106 million. Then I asked if any part of that increase was the result of legislation passed since June 21, 1957 and the answer was no.

Therefore the whole of that $100 million increase, which I may say parenthetically, and only parenthetically, hon. gentlemen opposite from the Prime Minister down constantly claim in their speeches as something done by the present government, was in fact entirely the result of legislation which the Minister of Finance told us, in a candid moment the other day in the house, he voted against and opposed.

Mr. Fleming (Eglinton): That is right, because of its inadequacy.

Mr. Pickersgill: That is not at all what the hon. gentleman said at that time. The hon. gentleman said that the scheme was too complicated for him to understand.

Mr. Fleming (Eglinton): That is not true.

Mr. Pickersgill: It was true then and I am not sure it is not true still.

Mr. Fleming (Eglinton): It is not true now and never was true.

Mr. Pickersgill: Well, the hon. gentleman can tell us the truth when he gets up to make a three-hour speech a little later in the debate.

Mr. Crouse: Will the hon. gentleman permit a question?

Mr. Pickersgill: Yes.

Mr. Crouse: Will the hon. gentleman tell us on what page the budget of Mr. Harris shows this amount under the Atlantic adjustment grant; in what year and in what section of the budget?

Mr. Pickersgill: I am not sure I understand the hon. gentleman's question, and I suspect that he did not hear what I said. I said that we were not able to accede to the request of Mr. Hicks, and we did not accede to it for this reason. I was quite candid about this; it is well known because, after all, it is part of history, and I am not revealing any great secret when I say this. The reason was that we had already offered to increase the payments to the provinces out of the national treasury by $100 million. In other words we were going to reduce the amount of income tax and corporation tax which would go into the federal treasury and put it into the provincial treasuries to the extent of $100 million, which we thought at that time was a very substantial increase indeed. It was an increase from a little over $500 million to a little over $600 million, in other words an increase of 20 per cent. We simply did not believe that at that time, having regard to all the other demands on the treasury, we would be justified in reducing the amount in the federal treasury by a still greater amount because that would have affected the balance of ways and means.

That was the position we took. Whether we were right or wrong, it was the position we took. I have always said that, notwithstanding the fact that we took that position, I would give credit to this government for taking a different position and for accepting Mr. Hicks' suggestion which we did not accept. I do not think I can make it any plainer than that; we did not accept it but this government has accepted it.

However, they did accept it with one modification, which I must say I do not think was an improvement. Mr. Hicks himself said this in the legislature; it has been said by me in this hosue before, and I say it again. My own opinion is that the position of the Atlantic provinces would be stronger if these Atlantic provinces grants were not called Atlantic provinces grants and if the formula was applicable to all the provinces if they found themselves in a similar position.

Now, if I understand the formula aright there is no other province at the present time which would find itself in that position, and we would hope there never would be. But there was a time during the thirties when Saskatchewan, and to some extent Manitoba and Alberta, were in just as bad a position as any of the maritime provinces. We do not believe that will ever happen again; but after all the taxpayers all over Canada pay the taxes which go into making these payments, and we should not forget them. I believe that if the government had gone the whole of the way Mr. Hicks suggested and had adopted a formula which, while in fact it would only have provided funds for the Atlantic provinces, would have been applicable in like circumstances right across the country, that would have been a better way of doing it. It would have accomplished the purpose just as well, and it would have created a better impression. I may say that this view was also taken at the conference in 1957 by Mr. Douglas Campbell of Manitoba and by Mr. T. C. Douglas of Saskatchewan, and I am not sure that it was not taken by some of the other premiers. I happen to remember because I went as a spectator at that conference, and I heard them take that position.

There was another feature of the arrangements which were made by the Liberal government in the tax-sharing plan, which I regret to say was not continued, with respect to the increase made by the present government, and that was the stabilization feature. The stabilization feature, of course, was a feature which it happens to be a matter of history was suggested by Mr. Hicks at that conference in October, 1955, as hon. members will see from looking at the proceedings at page 47. There is no doubt that, at that time, most of the provincial governments were not much interested in the stabilization feature. They were not much interested because—

Mr. Fleming (Eglinton): Mr. Speaker, I am rising on a point of order. The hon. gentleman is launching into a discussion of financial relations between the dominion and provincial governments. He is speaking now of certain features which are written into the Federal-Provincial Tax-Sharing Arrangements Act.

There is before the house at the present time a bill dealing with this very subject. The debate on the motion for second reading of that bill has already had one day devoted to it, and it seems to me with great respect, Mr. Speaker, that the hon. gentleman is now giving us the speech which evidently is intended to be a repetition of what has been said or what he may intend to say with respect to the amendments to the Federal-Provincial Tax-Sharing Arrangements Act.

He is questioning now the fact that, with regard to the increases made in the provincial share of the personal income tax, the stabilization principle is not applied to the 3 per cent increase in the provincial share. This takes us right back into the middle of the debate on the bill to amend that act. You will find it in item No. 9 on today's order paper, Bill No. 56.

Mr. Pickersgill: Mr. Speaker, on that point, I have no intention of continuing in this vein. I simply made that as a single isolated statement.

Mr. Speaker: If the hon. member is coming back to the Atlantic provinces I shall not need to deal at length with the point of order. I felt myself that, although he had been within the scope which he had set for himself when he was talking about the Atlantic provinces particularly and their dominion-provincial relations he was getting into a broader field which gave rise to the objection which was well taken.

Mr. Pickersgill: I hope there will not be any suggestion that I cannot say anything I like about the federal-provincial conference of 1955 or the Federal-Provincial Tax-Sharing Arrangements Act of 1956 neither of which is before the house and both of which happened before the present government came into office, but I agree with the Minister of Finance (Mr. Fleming) that to the extent I talked about the extra 3 per cent which is all his bill dealt with it would not be proper to go on and I yield at once. Since I have not moved an amendment or anything else, surely I can discuss the federal-provincial conference of 1955 or the statute which is on the statute books and is now the law of the country and so as long as I do not discuss the amendment to that statute which is before us it would seem to me that I would be quite in order.

Mr. Browne (St. John's West): Mr. Speaker, may I ask the hon. member a question which is right on the point he is now talking about. He is referring to the general abatements to the provinces across Canada constituting a total of $405 million between 1956-57 and

1957-58. The hon. member did not make any reference to what the effect was in the maritime provinces or the Atlantic provinces.

Mr. Pickersgill: I gave the figure for the three maritime provinces earlier in my speech.

Mr. Browne (St. John's West): That was for three years, was it not?

Mr. Pickersgill: Oh, no. I have the figure right here somewhere and I placed it on *Hansard* a few minutes ago. The figure for the three maritime provinces was $43 million in the last year of the old tax rental system and $52 million in the first year of the tax-sharing arrangements. That would be a difference of $9 million.

Mr. Browne (St. John's West): For two years?

Mr. Pickersgill: No, the hon. member does not seem to understand. In the fiscal year 1956-57 the three maritime provinces received $43 million by way of tax rental payments in lieu of these taxes and in the subsequent year, 1957-58, under the new statute they received $52 million, an increase of $9 million. The increase in Newfoundland was in proportion. I do not have right under my thumb the exact figure but the total increase to all the four provinces was between $11 million and $12 million, as I remember it.

Mr. Browne (St. John's West): Was it not $9 million?

Mr. Pickersgill: No, it was $9 million for the three maritime provinces and the Newfoundland increase has to be added to that.

As I was saying there is one other aspect of this matter beside the question of stabilization which seems to me to be of great importance. It was also pointed out by Mr. Hicks in 1955 that there should be—and again I may be criticizing the former administration when I say this but I am seeking, as I pointed out at the beginning, to make a non-partisan speech—

Mr. Fleming (Eglinton): How extraordinarily you are succeeding.

Mr. Pickersgill: I think there was a great deal of merit in the contention of Mr. Hicks that equalization and stabilization and the whole basis of these payments including the Atlantic provinces arrangement which I hope could be generalized should all be put into the constitution, and that instead of having these five-year agreements which there is no real certainty of having continue it would be preferable to include them in the same way

as, at the original confederation, statutory subsidies were included, without which there would have been no confederation.

I would not have thought this argument half as important two years ago as I do today. And why? I regret to have to say it and I do not intend to make any issue of this for obvious reasons, but we have witnessed a repudiation of the constitution in this very field by the present administration with respect to term 29 of the terms of union with Newfoundland. That makes it all the more important that all of the provinces should know exactly where they stand in matters of this kind.

There is another thing I want to say about the Atlantic provinces grants before I leave the subject. When they were brought forward by the Minister of Finance in this house in January of 1958 they were described by Mr. Kirk, then the hon. member for Shelburne-Yarmouth-Clare, as deficiency payments and that is, of course, precisely what they are. They are payments made because the income and the taxable capacity of these provinces is below the national average, and substantially below it.

Mr. Phillips: How did that happen with you in office?

Mr. Pickersgill: I am pleased to answer that question of the hon. member. If you had gone back to 1935 and compared their position then with that of some other parts of Canada you would have found that there was a vast improvement in the period we were in office. I can tell hon. members that there are lots of people in the Atlantic provinces somewhat older than the hon. member for Saint John-Albert (Mr. Bell) who are old enough to remember that.

Mr. Simpson: Do you remember?

Mr. Pickersgill: But I am afraid that if we are not careful this may—in the words of a distinguished friend of mine—degenerate into a debate.

These deficiency payments are needed and there is no one who would question that in the light of the experience of the three years. I do not believe that any government even if it wanted to would dare to terminate these arrangements. But I do say that what we really want to do, what should be the aim of all of us and what I really believe is our aim —although perhaps some of us have a better aim than others—is to end the deficiency so that the payments will not be needed to correct a basic weakness in the economy of the Atlantic provinces.

How is that going to be done? That is the problem. I have already alluded to the weak position of agriculture, to the coal industry and its serious plight, to the relative and absolute decline in the fisheries. About all these things I believe a good deal could be and should be done and on various other occasions suggestions have been made. If some of the suggestions, for example, made in another debate the other day by my friend the hon. member for Grand Falls-White Bay-Labrador (Mr. Granger) were carried out they would be a step in that direction.

Even if the fisheries were restored, even if the coal industry employed as many people today as it did in 1956, even if agriculture was on a much sounder foundation than it is at present, with the population and the number of young people there are today in the Atlantic provinces those industries could not possibly provide the employment that is needed in that area in order to have a healthy expanding economy.

What about the other industries? There are some healthy industries. On the whole the forest industries are in a very healthy condition. They have their ups and downs from year to year, but happily this is one industry that gives signs of having a somewhat better year than last year; at least that is true of some parts of the forest industry. The long term future of the forest industry in the Atlantic provinces is probably better than any other industry.

Mr. Speaker: I am troubled by the time of the hon. member who has the floor. I understood him to say at the beginning of his speech that he did not propose to move a non-confidence motion. It is only if he is making such a motion that he would have more than 40 minutes; at least, that may be one interpretation of the rule. I just raise it because we do not want to let the procedure be altered by default.

Mr. Pickersgill: I intend, sir, to move an amendment and what interpretation is put upon it is not for me to say. Of course I suppose the rules govern. I say it is not going to be in the language of a non-confidence motion, but from my past experience I may say it might be so interpreted.

Mr. Speaker: I suppose it is not really for the hon. member to say whether the government will accept his amendment as a want of confidence motion. I raise the point because I had some doubt about it. The only reason the hon. member would be permitted to speak beyond 40 minutes would be to introduce a non-confidence motion.

Mr. Fleming (Eglinton): Moving it and indicating it as such.

Mr. Speaker: I raised the point because I was not sure whether the rule would go that far.

Mr Martin (Essex East): What other intention could a reasonable man have?

Mr. Fleming (Eglinton): Is the hon. member for Bonavista-Twillingate not a reasonable man in view of his colleague?

Mr. Martin (Essex East): That is exactly what I said.

Mr. Fleming (Eglinton): It is exactly the opposite of what the hon. member said.

Mr. Pickersgill: If this matter is quiescent for the moment, sir, I would go on to say that there is no doubt in my mind—making the very big assumption that was made by the Gordon commission and that in discussing any domestic issue we always have to make—if there is going to be any future and we are not going to face a nuclear war, about which, of course, others are more competent to speak than I am; but assuming that there is going to be a future, I do not think there can be any doubt that one would predict that the future of the forest industries of the Atlantic provinces is probably better than others in the long term, because happily the forest is a continuing crop and happily in the main it is being well cropped. I am sure there is room for some improvement there, too, as there always will be, but great steps have been taken in all the provinces to see that this most valuable of all the crops in the Atlantic provinces is maintained as a continuing crop.

There is no doubt there will be some expansion of the industry but the area of the provinces is not going to be expanded. The accessibility of the forests may be somewhat improved, as it is being improved by the spread of roads, particularly in Newfoundland, where it has been so marked in the last few years. But this is not the whole answer. This industry may, with increased fabrication, provide a somewhat expanded employment, and particularly perhaps in Newfoundland which is at an earlier stage of development than the other provinces.

The mining industry, of course, apart from coal mining, is happily showing signs of improvement. I see the Minister of Mines and Technical Surveys (Mr. Comtois) smiling and about this he can smile. This is particularly true of the iron mines of the Labrador, and I am sure the minister will be the first to admit, that they are expanding even more rapidly in Newfoundland than they are in his province. There is no doubt that one of the biggest sources of immediately increased employment will be the development of the iron mines of the Carol lake and the Wabush lake areas, and all the development ancillary thereto.

[Mr. Speaker.]

Undoubtedly, too, as the demand for power becomes greater and the possibility of its economic exploitation becomes more real, the development of the vast hydro electric resources of the Hamilton river will also give a stimulus, I would hope, not only to the province of Newfoundland but also that all the surplus power would not be sent westward into Quebec and Ontario, but that some of it would go eastward and in a southerly direction to supplement the less extensive power resources of the other Atlantic provinces and that technical advances would be such in the next few years as to make that possible.

One of the industries which I believe will expand the most in the next few years is the tourist industry. I believe we are not doing nearly enough to accelerate that expansion which is one direction in which we could move more quickly and get immediate results; but, when all is said and done, sir, if we are to have a development at all comparable with that of the rest of Canada there must in addition be the development of secondary industries in the Atlantic provinces, not on the scale of Ontario and Quebec—I do not think anyone would expect that—but on a very much greater scale than exists at the present time.

This area is dependent, far more than the Canadian average on trade. If between one quarter and one third of our population is dependent on trade for their incomes, it must be over half in the Atlantic provinces and far more than half in the province of Newfoundland. That is why it is very hard even for Tories in the Atlantic provinces to be protectionists and it is perhaps—

Mr. Nowlan: The only Tories there are the hard-shell Grits.

Mr. Pickersgill: One sometimes wonders about the Minister of National Revenue (Mr. Nowlan) who brought certain legislation in here a couple of years ago which most people in the Atlantic provinces did not think much of.

It seems to me, that in addition to the general development of trade, and in addition particularly to the development of trade in the whole Atlantic area—and I use "Atlantic" now in another and much wider context—there is one area which is naturally complementary to the Atlantic provinces, and that is the whole Caribbean region, and particularly the British West Indies federation and British Guiana, those areas with which there has been a traditional trade. It does seem to me that here we could do a lot more than we are doing. I should like to see a free trade area between Canada and the West Indies

federation. I should like to see a study made, at any rate, of the possibilities of bringing this area within the ambit of the Canadian monetary system, as Newfoundland was before confederation, and I should like to see a much more vigorous development of the technical and other assistance which has already been started in that area, really a development into something like a Colombo plan for that area.

But there is another thing. I am one of those who believes that a fundamental mistake was made in the development of Canada in 1878 when the national policy was adopted. I believe that that has had the effect of concentrating, of centralizing industry and wealth in the area of the lakes and the upper St. Lawrence valley to an inordinate degree, but no one in his senses—I include myself in that category—would say that we could wipe out the tariff and undo the results of those 50 or 60 years of development. We, when we were in office, pursued a line of policy which it is calculated had the effect of reducing the effect of the tariff by about 50 per cent in 22 years.

But to wipe it out suddenly would, of course, create dislocations of a kind that no government, and I would hope no political party, in its senses would contemplate. The Gordon commission did estimate, and they had very competent people to do it, that the effect of the tariff upon cost to consumers was about $1 billion a year and that the cost was very inequitably distributed across the country. It does seem to me that if the people of Canada are going to pay that kind of price for the tariff, the price that the experts have estimated, we should have more say than we do now in the location of industries that are protected and in the national interest an effort should be made not to establish rigid controls and decide that this industry must be put here and that there, but to create certain advantages and inducements that will overcome some of the disadvantages that otherwise exist in certain areas.

I am not going to take a lot of time to deal with these points. I have taken things that have been endorsed not only by the Liberal party but also, in words at any rate, by hon. gentlemen opposite in their presentations to the electorate, and I am simply going to say that one way in which what I have suggested could be done is by capital grants and another by fiscal incentives. It would, of course, be against the rules if I were to read this passage since it is from another debate in this session but I will take the risk of giving the page reference. If hon. members will look at page 1693 of *Hansard* for March 3, the second column, they will see that the Leader of the Opposition (Mr. Pearson) indicated the kind of way in which this could be done and the kind of way in which it is done in the United Kingdom.

Then there is another very serious question mark hanging over the whole of the Atlantic area. It was underlined the other day by the closing of Fort Pepperrell in Newfoundland, for which, of course, no Canadian government had any responsibility. But we have seen what the cancellation of the Arrow contract did even to the great and resilient economy of one of the two leading metropolitan centres of this country. We have seen what another shift in defence requirements of another country has done to a great new settlement in northern Ontario—I refer to Elliot Lake.

I am sure that there must be members of the government who sometimes wake up early in the morning or lie awake at night wondering what disarmament would do to Halifax or to the Annapolis valley, to Cornwallis, to Greenwood, to Chatham, to Summerside, to Gagetown. The concentration of defence expenditures by the previous Liberal government in the Atlantic provinces has had the effect of acting as a cushion against recession in that area, and a very badly needed one it has been in the last couple of years. But what would happen if peace suddenly broke out, as has sometimes been said? What would happen if even a lesser thing occurred, if there were some important change in strategy or weapons without alternative plans having been prepared?

What would happen to that great metropolitan area which under Liberal neglect grew in population from 75,000 to 165,000? I refer to metropolitan Halifax. We do not want to hold up disarmament to keep Halifax going. No one in his senses would want to do that, but if there are going to be changes we want to be prepared with alternatives that will meet the situation and make the transition possible.

Then, of course, there is transportation about which I could say a great deal and about which I said something and the Leader of the Opposition said something in a debate the other day. I think our views on this subject are very well known. Not only are our views well known but our actions have spoken louder than some words have spoken. In 1957 we increased the effective subvention under the Maritime Freight Rates Act by 50 per cent. The present government permitted the railways to increase their rates by 17 per cent and then took off 10 per cent of the 17 per cent so that there has been an increase of 7 per cent. That has been the difference. We did something to alleviate the

situation and the present government has permitted something to be done which has made the situation worse.

We believe that there should be a highway program specifically for the Atlantic provinces as an offset to what is done to provide railways in the other parts of Canada. I said one day that it was really too bad that the trans-Canada highway had not been decided upon two years earlier, before the negotiations with Newfoundland were started, because undoubtedly it would have been written into the terms of union. I think it is perhaps too bad in a way that in 1864 at Quebec nobody foresaw that a trunk road from Halifax to Montreal would be just as important as the intercolonial railway and perhaps ultimately a great deal more important.

This is a favourite theme of mine and I could go on and on but particularly in the light of Your Honour's qualms I do not intend to do so. I had hoped to recall to hon. gentlemen's minds, with a few comments, that famous advertisement which they will all remember much better even than I do and which is headed, "Before You Vote Read the Atlantic Resolutions". I hope that a lot of people in the Atlantic provinces before they vote in the next few weeks will read the Atlantic resolutions over again.

Mr. Bell (Saint John-Albert): That is why you are making your speech. It slipped out.

Mr. Ricard: The cat is out of the bag.

Mr. Pickersgill: The hon. member for Saint John-Albert (Mr. Bell) every so often suddenly becomes aware of the obvious and thinks he has made a great discovery. This has happened again. I said at the beginning of my speech that I was making an appeal to the government at a time that I thought was propitious, at a time when I thought they might be more apt to listen than at other times, and apparently I am right. But notwithstanding the great temptation, sir, I shall not read the Atlantic resolutions. I would also commend to the attention of hon. gentlemen, as I did once before in the house, the document entitled, "A Blueprint for the Atlantic Provinces" which is a reprint of articles in the Halifax *Chronicle-Herald* in March, 1959, articles which in their basic structure bear a striking resemblance to the Atlantic resolutions. This is a very well written series of articles and I think they set out aspirations that extend far beyond the editorial offices of the Halifax *Chronicle-Herald,* aspirations that I believe are widely shared by the people of the Atlantic provinces regardless of party.

I could also read some of the aims of the Atlantic provinces economic council. I have them here but again I am not going to do that. But I do want to read one other thing before I conclude if I can find it. I want to read a statement which I commend particularly to members on the other side of the house and in the rump here who were elected from the Atlantic provinces. I am not speaking these words. This is a quotation I am reading and it begins as follows:

> I do not want to involve myself in any maritime argument, but I would say this. There is one difference between the members from the maritimes and those from the western provinces, and it is this. While we from the western provinces do disagree, sometimes on the basis of partisanship, none the less when the welfare of the western provinces is being discussed and in particular when our major subject, agricultural production, is being discussed, we bury our disagreements and unite for the common benefit of the western provinces. Sometimes, as I listened to my hon. friends from the maritimes upholding those things which they themselves assuredly cannot support other than vocally, I wonder whether a similar united front analogous to that being formed today by the premiers of the maritime provinces would not have a most beneficial effect upon the economy of the maritimes, especially if that analogy were continued and extended into the House of Commons.

This statement was made in the House of Commons on July 24, 1956, and will be found on pages 6368 and 6369 of *Hansard.* It was made by the hon. member for Prince Albert, who a few months later became leader of the opposition and within a year was Prime Minister of Canada.

Mr. Bell (Saint John-Albert): And elected by the people of the maritimes, too.

Mr. Pickersgill: Yes, exactly. This is the advice he gave to members from the maritimes. Perhaps I should repeat the last paragraph for the benefit of the hon. member for Saint John-Albert:

> Sometimes, as I listened to my hon. friends from the maritimes upholding those things which they themselves assuredly cannot support other than vocally, I wonder whether a similar united front analogous to that being formed today by the premiers of the maritime provinces would not have a most beneficial effect upon the economy of the maritimes, especially if that analogy were continued and extended into the House of Commons.

Mr. MacInnis: I wonder if the hon. member would permit a question?

Mr. Pickersgill: Certainly.

Mr. MacInnis: Does he realize that at the time about which he is speaking most maritime members were Liberals?

Mr. Pickersgill: Yes, I realize that very well. I do not imagine that the hon. gentleman would suggest that his leader, the present Prime Minister (Mr. Diefenbaker), would have given one kind of advice to one kind of member and another kind of advice to another. Although he might think that, I would not suggest it.

Mr. MacInnis: The members now are different.

Mr. Pickersgill: The members now are different, and there is one very great difference to which I was just coming when the hon. member for Cape Breton South (Mr. MacInnis) asked me the question, and it is this: This advice that the present Prime Minister was giving to members of parliament from the maritime provinces—

Mr. MacInnis: Given to the Liberal members.

Mr. Pickersgill: Perhaps the hon. member would not mind if I said what I have to say. This is advice which the Prime Minister was giving to the members from the maritime provinces. Since that time a large number of members have been elected from the maritime provinces, and two from the province of Newfoundland, to "follow John". I commend to those members the advice they were given by their leader. I suggest when they come to vote on the motion which I am now about to move that they do precisely that, that they follow the advice given to them by their own leader.

Mr. MacInnis: It was not given to us, but to you.

Mr. Pickersgill: In order to make it that much easier for them to follow that advice of their leader I have couched my motion, as nearly as is it possible to do in three out of four particulars, in terms that will be found in those Atlantic resolutions. In other words, I am not asking the hon. members elected from the Atlantic provinces who support the government to support anything in the Liberal program that is not also in their program. I am not asking them to support even the language of our program but their own, and the program upon which they were elected.

There is one part of the motion I am going to move that is not in the Atlantic resolutions, but it relates to something that the premiers of Nova Scotia and New Brunswick are very anxious to have done at the present time, so anxious that they are willing to spend provincial money and to go outside the country to get someone to do it. I am suggesting that they be spared that expense, and that this be done by the government of their own country, inside the country. I cannot believe that hon. members, particularly those from Nova Scotia and New Brunswick, will want to vote against what the premiers of both of those provinces very urgently desire.

I should like to move, seconded by the hon. member for Northumberland-Miramichi (Mr. McWilliam):

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

This house is of the opinion that immediate steps are required to strengthen the basic economy of the Atlantic provinces through a comprehensive and planned program of federal assistance; and urges the government to give consideration to the following proposals as elements in any such program.

1. The establishment of an Atlantic capital projects program for the purpose of assuring the financing of projects essential to the economic development of the Atlantic provinces.

2. The provision of special fiscal incentives to private enterprise for the purpose of encouraging industrial growth and the processing of natural resources in the Atlantic provinces.

3. The institution of an immediate enquiry to determine the effects of national monetary, fiscal and economic policies on the development of the Atlantic provinces and to make recommendations on desirable changes in the application of such policies for the benefit of the Atlantic provinces.

4. The adjustment of freight rates and the provision of transportation facilities to overcome the handicaps of the geographic position of the Atlantic provinces.

Mr. Speaker: Before I present the motion, does any hon. member wish to speak to its content, from the point of view of its having been dealt before.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, because of the presence in Ottawa today of some of the leading Canadian labour leaders I had expected the Liberals would decide to raise the issue of unemployment, particularly as it affects the province of British Columbia. However, the members of the C.C.F. group are very happy that the official opposition has raised this issue of the need for action on behalf of the four Atlantic provinces. We readily admit that we have here a real national problem. The economy of the Atlantic region has been ailing for a number of years now, and I believe that no one in Canada would be prepared to lay all the blame for the ills of the Atlantic economic community on the Conservative government today. The ills that exist may, in certain aspects, have worsened within recent years. However, in the main, the ills that are now obvious were especially obvious to the people of the Atlantic area long before this Conservative government assumed office. I believe that was one of the major reasons why most of the people in the Atlantic area decided to vote against the Liberal government back in 1957, and with even more emphasis in 1958.

I am very pleased to see that the Liberals, at least at this late stage, recognize that we have on our hands a problem that is not only of local significance or responsibility, but that we have a difficulty that has to be faced up to by the national government in Ottawa.

The people down there expected a great deal when they upset the Liberal governments within their provinces and the Liberal government at Ottawa. I am afraid that the people there are rapidly coming to the conclusion that they may be waiting in vain for a solution to their difficulties because after this government has been in office now for practically three years there have been extremely limited indications that the government of the day is looking at the problem of the Atlantic region with any more serious concern than that which was evidenced by the Liberal government.

The people of Canada owe much to the people of the Atlantic region. They are people who, along with those of Upper and Lower Canada, founded our nation. Their sons and daughters emigrated and were largely responsible for the development of the larger areas of Canada. Especially did they make a tremendous contribution in that they educated so many of their sons and daughters before they saw them emigrate into other areas of Canada. Many of the western and central Canadian leaders of today were educated at the expense and sacrifice of their parents in Nova Scotia, New Brunswick or Prince Edward Island. These people supplied much of the money that was necessary for the opening up of our nation. They were taxed for our development. A great deal of the investment capital that was originally created in this region was invested in other areas of Canada rather than in the maintenance of its own economic health and welfare. In that regard I feel that any investment on the part of the national government in the Atlantic region is merely paying off the obligation we owe.

I cannot ignore the tremendous contribution they have made to the rest of Canada in the development of the co-operative movement and the credit union movement. However, Mr. Speaker, as has already been indicated, the people in the Atlantic region of Canada are not being allowed to enjoy their full share of the blessings that accrue to Canadians as a whole. They are denied equality of opportunity to share in the development of Canada. Many of them are even unemployed. Certainly, as the statistics have indicated over so many long years, they are not allowed to receive an equitable amount of the riches that are produced in the nation as a whole.

The whole nation is their heritage, as it is of all other Canadians. However, they are being denied their proper portion of that heritage. We note this fact when we look at the levels of wages that exist in this part of Canada, in four out of our ten Canadian provinces. Their cost of living is almost equal to the cost of living anywhere else. For instance, I am told that in Halifax rents are higher than they are in many other major urban areas of Canada. Nevertheless, wage levels throughout New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland are, by a considerable degree, lower than they are in the other parts of Canada. The fishermen there have never had a standard of living that was anywhere nearly equal to that which obtains for the fishermen of British Columbia. In Nova Scotia and New Brunswick agriculture does not receive the same per capita income that it receives in other areas of Canada; and even in the other areas it is low enough indeed, far lower than it ought to be. This Atlantic area has more than its proper share of the unemployed in Canada. There are particular areas in which as many as one half of the able-bodied men are unemployed. Many of them have been unemployed not for half a year but for a year and in some cases for a goodly number of years.

The Atlantic area is not obtaining its portion of the industrial development that is taking place in Canada. As a matter of fact many of their industries are losing out and are having to close their doors, thereby adding to the already aggravated unemployment problem. In this regard I note the great regret that was expressed—and aptly so—by the newspapers in the Atlantic region when the estimates for the present fiscal year were laid before the house in that they noted a large reduction in federal capital expenditures. I believe the Halifax area alone this year can expect some $8 million of a reduction in federal capital expenditures as compared with the amount a year ago. All the statistics are borne out when we look at the per capita income. I note with regret that the people in Nova Scotia, for instance, receive only one half of the per capita income received by the people of Ontario or British Columbia. To me this situation is a violation of one of the concepts of nationhood, when for their work the people of one region of one and the same nation receive a per capita income that is only one half of what is being received elsewhere.

In the field of education I notice that the income of the school teachers is roughly half of what it is in many of the western portions of Canada. In the matter of health services, the governments in the Atlantic region are simply unable to supply the residents with the level of health services existing elsewhere. The Canadian boy or girl has the

same rights to health services and to education, whether that boy or girl is living in Halifax, Toronto or Vancouver. The object of the government ought to be to undertake measures that will ensure equal rights of citizenship to every Canadian, no matter where in Canada he may live.

In looking at this amendment offered by the Liberals I am pleased to note that the Liberals realize that in order to help the Atlantic area to any significant extent the government must embark on a planned program of federal assistance. I think the Liberals are now beginning to move a little way in the direction in which I am sure political needs will make them move much more yet before the next federal election rolls around. In a major undertaking of this kind they are now willing to adopt the idea and the concept that effective help can only be given if it is being given on the basis of a planned program.

We hear a great deal about the prosperity of the nation this year. However, the conditions as they exist in the Atlantic region once again indicate that the so-called prosperity which we have is far too narrowly based in that more regional problems are arising on the Canadian national scene. The Atlantic area is possibly the largest and most needy region with regard to aid in Canada today. As between different parts of Canada, once again the rich are getting richer at a much more rapid rate than the poor are getting less poor.

The recommendations that we see in the amendment calls for the establishment of an Atlantic capital projects program for the purpose of assuring the financing of projects essential to the economic development of the Atlantic provinces. In our opinion this is only the Liberal name for the old C.C.F. name for a national investment board. However, we believe that they now realize the need for the establishment of what would in effect be a national investment board because this Atlantic capital projects program is intended, they say, for the purpose of assuring financing. To rely on the whims of private investors to resolve the capital needs of the Atlantic area would not be very realistic and I am very happy to note that the Liberals realize that action on the part of the federal government toward the raising of the necessary money is necessary.

It is my opinion that for this proposal to be effective a lot of money will have to be spent. I would advocate that the federal government begin initially with an investment in the neighbourhood of $500 million. That may sound like a lot of money, but when we consider that four of the ten Canadian provinces are involved and when we look at the needs of this area of Canada I think the amount I have mentioned of half a billion dollars would be a modest yet effective beginning. Agriculture alone in the Atlantic area can absorb hundreds of millions of investment capital in order to consolidate existing uneconomic units into efficiently operating economic units. Industrial development would be able to absorb at least as much as agriculture.

I would like to underline that an outlay of $500 million for aid in economic development in the Atlantic area would not be a net expense. There would be returned to the Minister of National Revenue (Mr. Nowlan) a hefty proportion because of added revenue emanating from income tax and the general 11 per cent sales tax. I believe that if an undertaking of this magnitude were launched the people who now live in the Atlantic region would supply a considerable amount of this money because of their own belief that this area needs this assistance.

We are a little worried about the next recommendation which we see in the amendment, the provision of special fiscal incentives to private enterprise for the purpose of encouraging industrial growth. We have noted the encouragement of private enterprise in the investment field, especially as it applies to natural resources in many areas of Canada, and our experiences in this regard have not always been happy. We want to be very careful that when we undertake measures of this kind—and we as a group are not opposed to this recommendation—when this recommendation is implemented, if it is, there ought to go along with it ample protection of the resources for the people to ensure they will not be plundered away from the people. The workers and the farmers and everyone within the area should reap some of the blessings of the exploitation of what is their own heritage. We do not want any Wenner-Grens in the Atlantic area, for instance, and we note with utter dismay how the people of Newfoundland are being exploited and their natural resources used to make multi-millionaires in other areas of the world.

I hope that if the government undertakes incentives to encourage more private enterprise to invest its capital it will also encourage the democratic movements within the area—I have particular reference to labour unions, to farm organizations and to organizations of fishermen—so that the men and women who do the work will receive an adequate return from their resources. Unless there is this kind of economic democracy at the grass roots level whereby people are

able to obtain a larger share of their heritage then I am afraid exploitation and regret many years later will be the order of the day.

I noted the omission of many specific recommendations which might have been made in an amendment of this kind. However, I realize that the obvious intent of the amendment is not to clutter it up with too many specific recommendations. I notice nothing which calls upon the government to ensure the survival of the independent small businessman in the Atlantic region. I notice nothing in here for the inclusion of coal as one of the responsibilities of the national energy board. I see nothing for the need of the people of that region for an aggressive policy of vocational training with pay so that the many unemployed would more likely be provided with employment. I notice no reference to the need for education.

On the question of unemployment mention has been made of the coal industry, and I would like at this time to propose that the steel industry which exists in the Atlantic region be not permitted to move out of that region. I think it is simply scandalous that such a great proportion of our iron ore, when we have our own energy in abundance, especially in Nova Scotia, has to be taken right past the door of the Atlantic provinces, down the St. Lawrence seaway. Our energy is exported out of western Canada and iron ore is exported out of eastern Canada to the heart of the United States of America, supplying employment to the United States instead of supplying employment to Canadians. I believe that action on the part of the government may be necessary to ensure the survival of whatever steel industry exists, not only in the interests of those who work in that enterprise but also in the interests of continuing markets for Nova Scotia coal; and because we in Canada are, on balance, even yet importers of steel, I believe there should be established in the Atlantic region additional steel facilities.

It is for these reasons that at this time I should like to move, seconded by the hon. member for Skeena (Mr. Howard), that the amendment be amended by adding thereto:

5. The maintenance of the present steel industry in the Atlantic provinces, together with the expansion of the steel industry by every appropriate means including the provision of a publicly owned steel mill.

6. The active encouragement and strengthening of such peoples' organizations in the Atlantic provinces as farm, fishermen, and labour unions, and the co-operative and credit union movements.

Mr. Speaker: The hon. member has submitted an amendment to the amendment which seems to go into the provincial field whereas the initial amendment relates entirely to federal assistance. I raise the question of whether he is not doing more than submitting an amendment but rather submitting what in effect is another motion because, as I understand our practice, the subamendment should come within the scope of the initial amendment.

Mr. Regier: I assume you have reference to the latter clause?

Mr. Speaker: Yes.

Mr. Regier: May I point out that while in the main these are responsibilities of provincial governments there is also federal responsibility and indeed there exists federal legislation with respect to most of these items. There has been federal participation in respect to all these items. Labour is not exclusively a provincial matter nor are agricultural organizations.

Mr. Speaker: May I read the clause about which I have doubt. It is item No. 6, in these words:

6. The active encouragement and strengthening of such peoples' organizations in the Atlantic provinces as farm, fishermen, and labour unions, and the co-operative and credit union movements.

Generally speaking, those organizations in the Atlantic provinces are the subject of provincial jurisdiction although there is to some extent co-ordinate jurisdiction of the federal government.

Mr. Regier: In that case, if you so rule, I will omit the last clause.

Mr. Speaker: I would certainly feel that it would remove the very strong doubt which I have that No. 6 does not come within the scope of the initial amendment. If the hon. member wishes to submit his amendment limiting it to item No. 5, I will accept it.

Mr. Regier: I so move.

Mr. Speaker: It is moved by the hon. member for Burnaby-Coquitlam (Mr. Regier), seconded by the hon. member for Skeena (Mr. Howard), that the amendment be amended by adding thereto:

5. The maintenance of the present steel industry in the Atlantic provinces, together with the expansion of the steel industry by every appropriate means including the provision of a publicly owned steel mill.

Mr. Thomas M. Bell (Parliamentary Secretary to the Minister of Justice): Mr. Speaker, in making a few brief remarks on the amendment put forward by the hon. member for Bonavista-Twillingate (Mr. Pickersgill), may I first of all commend him for bringing this matter concerning the Atlantic provinces to the attention of this house. The hon. member for Bonavista-Twillingate enjoys a very good

sense of timing and has displayed it on many occasions. I do not know whether he realizes that today, May 2, has some significance for the maritimes in that it is the birthday of the hon. member for Victoria-Carleton (Mr. Montgomery) and also of my young son, and in a few minutes we would have been toasting this fact. I mention this because the hon. member for Victoria-Carleton is a great maritimer. My son, unfortunately, was not born in the maritimes and will go through life with that handicap.

Mr. McCleave: Just like the hon. member for Bonavista-Twillingate.

Mr. Bell (Saint John-Albert): Yes. As the hon. member for Halifax (Mr. McCleave) has said, this is the same disability under which the hon. member for Bonavista-Twillingate operates. I do feel, however, that the hon. member for Bonavista-Twillingate has some right to speak on matters relating to the Atlantic provinces because recently a meeting of Conservative members elected him as the man they would most prefer to have speak in their ridings at election time, having realized that in the past election, in every constituency in which the hon. gentleman spoke the Conservative government member was returned. Everyone is aware that provincial elections are coming up and while the federal members may be limited in their participation I do hope that if the hon. member for Bonavista-Twillingate does decide to travel east and participate in the provincial elections he will make my constituency of Saint John-Albert the very first on his list.

Before the supply motion was brought forward today there was a great deal of speculation as to what would be the subject of the motion. This always occurs on these occasions but I believe that today over 95 per cent of the hon. members of this house would have thought that the Bomarc or national defence would have been the subject of the amendment.

Mr. Pickersgill: Would the hon. member permit a question. Does he think that would be a suitable subject for a want of confidence motion?

Mr. Bell (Saint John-Albert): The hon. member has many subjects which he feels would be suitable subjects for want of confidence motions but I do not think anyone in this house or in the country worries about them to the same degree he does.

As I mentioned, I believe there were very few hon. members in this house who did not expect that the Bomarc or national defence would be the subject of today's supply motion. But there was one fellow in this chamber, my friend the hon. member for Prince (Mr. Phillips) sitting behind me, who thought differently. I asked him what he thought might be the subject and he said he felt that the hon. member for Bonavista-Twillingate—to use the more impersonal, than affectionate term—was probably going to bring forward an amendment concerning the Atlantic provinces. I admit that this thought had not crossed my mind but as I glanced across the aisle and saw the determined, supercilious and perhaps even courageous expression on the face of the hon. member for Bonavista-Twillingate, I knew we were in for something today.

Perhaps I use the word "courageous" advisedly because I think it took a great deal of courage on the part of the hon. member to stand up in this house, knowing a bit of the background of this subject of the maritime provinces, and speak on it. He knows, as we all do, the history that goes back over a period of 22 years of absolute neglect of the maritime provinces. When he makes a statement that the time has now arrived for action, that is when I say he certainly deserves full marks for courage because he knows that the time arrived in 1957. He knows, as does everyone in this house and in the country, that we constantly pressed the previous administration in an effort to have it pay some attention to the problems of those provinces by the sea, but we met with no success.

One could mention many matters, but the subject that I feel the opposition party, the former government, is most vulnerable on is the matter of Beechwood. After the second world war we realized in the maritimes that our main difficulties were power and transportation. We had not shared in the federal war contracts and we had gone even further behind at that time. We said that we would come to Ottawa and make approaches regarding our power situation. The former Liberal government of New Brunswick came here without any definite proposals but they did talk about power. What did they get? They got no attention whatsoever from their fellow members here at Ottawa.

History began, Mr. Speaker, in 1952 when we changed to a new Conservative government under Premier Hugh John Flemming of New Brunswick. He, realizing the great need for power in our province and in the maritimes, at once began his campaign to bring this matter to the attention of the powers that be at Ottawa, the then old, tired Liberal administration. It was not a case of merely receiving a no answer, Mr. Speaker; it was not a case of indifference; it was a complete cold shoulder on every single occasion that this matter was mentioned on the many trips of Premier Flemming to Ottawa.

I could also mention the indifference of the former minister of finance, Mr. Harris, who on every occasion not only said "no", but would not even discuss the various thoughts that we had about power and other financial matters. Yes, the hon. member for Bonavista-Twillingate certainly deserves a lot of credit for courage in bringing this matter forward today, knowing the background of his party on this subject of Atlantic provinces' assistance.

We also note that when this government took over in 1957 one of its first acts was to deal with this matter of Beechwood. Today we have in New Brunswick on the Saint John river an everlasting monument to the promises made by this government.

Mr. Robichaud: Will the hon. member permit a question? In what year was Beechwood built?

Mr. Bell (Saint John-Albert): Beechwood was completed last year and we were all down at the ceremony; hon. members from the opposition were present as well.

Mr. Robichaud: Will the hon. member tell the house at what stage Beechwood was when this government came into office?

Mr. Bell (Saint John-Albert): I am not certain of the date, but the point is that the old government would have nothing to do with the financial arrangements for Beechwood. I sat in this house, when the former member for Charlotte, a member of the Liberal party, got up at that time and said he was definitely opposed to Beechwood in every aspect. This government definitely financed, in every way that they had promised, the Beechwood project in New Brunswick and that is the significant part. We did something about the power problems at Beechwood and in our later power assistance for the maritimes and the Atlantic provinces.

I come now to the second matter that I mentioned. One does not have to be an historian, like the hon. member for Bonavista-Twillingate, to know that one of our other difficulties was transportation. We acted, on transportation. After many cries while in the Conservative opposition we set up a royal commission to deal with the freight rate problem, and that commission is now sitting and has been sitting for many weeks. It is considering our problems and I hope something will come forward that will assist us in the future.

Mr. Pickersgill: Will the hon. member permit a question at this point? Will the hon. member recall that while this government set up a royal commission we increased the subvention under the Maritime Freight Rates Act from 20 per cent to 30 per cent, that is by 50 per cent?

Mr. Phillips: And also increased the freight rates by 20 per cent.

Mr. Bell (Saint John-Albert): The hon. member mentioned that in his speech and it is quite true. But he did mention in connection with the freight rate increase that the 7 per cent applied only to the Atlantic provinces. The 7 per cent is a horizontal increase across the country. I do recognize that part of it, anyway, Mr. Speaker.

The Chignecto canal project has been talked about for many years but the hon. member for Bonavista-Twillingate shied clear of that even though he did mention it once or twice in questions on the orders of the day. But the present government on coming into office, and in connection with promises that were made, set up surveys, both engineering and economic, to deal with the Chignecto canal. This is something again that I say makes me wonder about this courage that the hon. member for Bonavista-Twillingate shows in bringing this forward today when he knows that for at least 22 years they failed to act in this regard.

I now want to deal with my constituency of Saint John-Albert. I do not wish to indicate great knowledge on the various subjects of fish, agriculture and power. This reminds me that the hon. member for Bonavista-Twillingate sat in this house and opposed the federal power proposition last year. Now he has enough nerve to get up and quote speeches advocating unity amongst the maritime members.

Mr. Pickersgill: Mr. Speaker, on a question of privilege, I know the hon. member is allowing his enthusiasm to run away with him but if he will examine the votes he will find that I supported and voted for the Atlantic power legislation of this government, which carried out the policy announced by Mr. Harris in 1957. My only complaint was that it did not apply to Newfoundland.

Mr. Bell (Carleton): That is not a question of privilege.

Mr. Bell (Saint John-Albert): Mr. Speaker, I do not need to apologize for my enthusiasm in so far as the maritimes are concerned. I think quite modestly that it is a better type of enthusiasm than the hon. member for Bonavista-Twillingate displays. Incidentally, the hon. member for Churchill (Mr. Simpson), in speaking about this matter, said to me he was glad to see that the hon. member for Bonavista-Twillingate was now back in

the maritimes and might leave the matter of the station at Flin Flon, Manitoba alone for a while to some people who know something about it.

I do wish to refer particularly to my constituency of Saint John-Albert, and it is an occasion I have been waiting for for some time, to mention the great prosperity that we have in Saint John. While I may not be qualified to speak with great knowledge on financial matters, I do feel that I can speak as one from an area in the maritimes that since 1957 has prospered and has gone forward under this government to the nth degree. We had our problems of power and of transportation, as I have mentioned. I feel that the prosperity that the city of Saint John is now enjoying—and one that will be welcome by everyone in Canada—is due definitely to the actions that have been taken by the new government. It may be that certain matters of direct assistance have not been given but after all we are living in a private enterprise economy and it is the duty of the government to provide the means for private enterprise to go forward, and I say that this government has given this means, particularly to Saint John.

I wish to quote from an editorial in the Saint John *Telegraph-Journal* of February 9. It is a reliable editorial. This is a newspaper, that has lately been criticizing this government in many respects but in straightforwardly telling this case I feel that we will have the answer as to the status of a certain area in the Atlantic provinces. I quote:

> Saint John, 175 years old and long the industrial centre of the maritime provinces—

I do not know whether my friends from Halifax will agree with that but proportionately we have always had a great deal of industry

> —entered a new era of booming expansion in the late 1950's, an era which is destined to see the city reach an unprecedented level of prosperity in the decade ahead. Never in her long history have prospects been so good for this seaport city, transportation centre and hub of industry. Never before has this proud loyalist city had reason to flex her muscles with such commanding authority. Never, in fact, has the mushrooming area of greater Saint John experienced such a period of boisterous expansion and optimism. Major capital expenditures of the last three years far exceed $100 million and many, many more millions are to be spent on expansion in the years immediately ahead.
>
> The whole metropolitan area is riding the crest of a wave of construction never matched since the United Empire Loyalists set foot on the peninsula in 1783 and founded the city two years later. All over greater Saint John—Saint John, Lancaster and Simonds—a wealth of new building is evidence of the new prosperity. Industry and government are spending many millions in long term projects. Businesses are expanding and adding new plants and equipment. Communications are multiplying, with new roads either just completed or under way at every city approach—

The special article goes on to tell the story of Saint John and explains in better words than I could use why I feel that the hon. member for Bonavista-Twillingate does not know what he is talking about and should make the visit to Saint John which I mentioned a moment ago. To be more specific, I should like to outline some of the private enterprise capital projects that have been completed and are listed here. I will start by mentioning those that are of a private enterprise nature.

First, we have the $50 million Irving Oil refinery in Simonds. May I say that in reading an article this morning in connection with the Encyclopedia Britannica I noted that the city of Calgary has a new oil refinery that will deliver 14,700 barrels a day and that it is the greatest capital project they have ever had in their city. The refinery we have in Saint John will deliver 43,000 barrels a day.

The second project is a kraft mill, lumber mill and pulp mill extension by Irving Pulp and Paper Limited, with a total investment of $40 million. The third is the new $7 million paper mill of Kimberly-Clark Limited. The fourth is a new steel works and foundry built for Ocean Steel and Construction Limited. Then there are several new plants on Lancaster's Fairville boulevard, now known as the golden mile. There is a long list of about 10 other items involving capital projects of a nature that I feel will be envied by every member of the house.

There has also been a tremendous development so far as government projects are concerned. New government buildings and wharves, for which we waited 22 years under the old Liberal government, have been constructed. In 1957 when we took office these projects were commenced and now they are ready for business.

The hon. member for Bonavista-Twillingate did make some very good points in his so-called non-political speech. He made certain remarks about the West Indies to which I feel attention should be called. Having just returned from a commonwealth parliamentary association meeting there over the Easter recess, I recognize the need for greater attention to that area. Efforts should be made to strengthen our traditional ties and to foster greater trade expansion. In so far as our connections with the West Indies are concerned, we miss the C.N.S. ships. It is true that our trade with the West Indies has been going ahead but it has been more of a natural growth. I would certainly want to be associated with the remarks of the hon. member

for Bonavista-Twillingate about paying more attention to the West Indies federation.

It may be that we should put forward some proposals regarding free trade. Having been there and talked to many representatives of the West Indies federation, I do not have the answer, but I do know that it is in Canada's interests not only from the point of view of trade benefit but as a commonwealth country to give all aspects of the situation in the West Indies even closer attention.

Mr. Pickersgill: Hear, hear.

Mr. Bell (Saint John-Albert): I do want to say that there is a lesson that the new West Indies federation has to learn. We made reference to it in our speeches there and in our discussions about the difficulties of the federation. We pointed out the fact that Canada had poor and rich areas and that a great deal of consideration had to be given to those areas which do not come up to the national average economically speaking. In Canada we have some areas that are not as wealthy as others. In its very early stages the West Indies federation is beginning to realize that there will be great difficulties in that some of the islands will probably never be as wealthy as the large ones such as Jamaica and Trinidad.

I mention this merely to point out that this is a problem we have recognized in Canada and it is one that they must recognize. It is a problem that we must always be watching here. In the speeches that were made at the conference reference was made to the fact that our central provinces continually have to be making what they call concessions to the poorer areas in order to bring up the average. I am one who feels that by some method greater concessions will have to be made.

But I do want to say that so far as the new government is concerned, by Beechwood, by federal power assistance, by transportation investigation and by fiscal measures such as the special adjustment grants we have gone forward and done many of the things we promised, things that were not only forgotten for 22 years but were given the cold shoulder completely.

With regard to the amendment moved by the hon. member for Bonavista-Twillingate, I want to say that there is a gross inconsistency in it. In his speech he referred to the fact that he was against the principle of the special adjustment grants. I am surprised to hear anybody representing the Atlantic provinces stand up in the house and say that he is against the special adjustment grants, particularly a member from Newfoundland which, *pro rata*, gains a little bit more than the other Atlantic provinces from the adjustment grants.

Mr. Pickersgill: Mr. Speaker, on a question of privilege, once more the hon. gentleman's enthusiasm has outrun his accuracy. I said no such thing. I said and I have always said that I was in favour of them and I only wished that the principle could be extended so that it would apply to any province in need.

Mr. Bell (Saint John-Albert): Unless I heard the hon. member incorrectly, Mr. Speaker, he stated that the former member for Shelburne-Yarmouth-Clare said that this was a form of deficiency payment and he went on to derogate the adjustment grants.

Mr. Pickersgill: Not at all.

Mr. Bell (Saint John-Albert): Whether he said he was opposed to them, I do not know. As far as I am concerned, if this principle does not meet with the approval of the hon. member for Bonavista-Twillingate then his amendment does not agree with his thinking because the whole amendment is full of special considerations. As a member from the Atlantic provinces, from the constituency of Saint John-Albert which is doing well, I want to say that while I go along with special adjustment grants and some other special considerations I certainly would not want to be associated with them to the degree that the hon. member for Bonavista-Twillingate has put them forward today.

Mr. Pickersgill: They are exactly as in the advertisement containing the Atlantic resolutions, in which advertisement your picture also appeared.

Mr. Bell (Saint John-Albert): You may say so, but I do not take a back seat in supporting the Atlantic resolutions. We have fulfilled many of them and many more will be fulfilled before the hon. member knows how to say Jack Robinson.

Mr. Fleming (Eglinton): Or Jack Pickersgill.

Mr. Bell (Saint John-Albert): Jack Pickersgill, as the Minister of Finance has said.

I also want to say that in this amendment put forward by the hon. member for Bonavista-Twillingate mention is made of transportation difficulties. We are dealing with the transportation difficulties now, after having waited 22 years for the Liberals to do something about them. We have undertaken surveys of the Chignecto canal and other matters. There is a royal commission sitting now on

all our transportation difficulties. The commission deals particularly with rail transportation, but its terms of reference also have other implications.

The C.C.F. party has moved a subamendment, and as usual it is so involved in—I do not know what you would call it—state enterprise, that it is impossible to figure it out. Someone said that the hon. member for Port Arthur (Mr. Fisher) likes to chide Conservative members by saying that the only part of Canada in which the C.C.F. party has no representation is the most backward part, that is the maritimes. All I can say is that we do not want the C.C.F. party, anyway. If they show themselves in these two provincial elections, which have prompted the speech by the hon. member for Bonavista-Twillingate, I am sure they will again get a goose egg.

Mr. G. R. McWilliam (Northumberland-Miramichi): The amendment which I had the privilege of seconding deals with a matter of far-reaching importance, not only to the Atlantic provinces but also to all parts of Canada because, as has been said so often, no nation can flourish to the extent it could and should flourish when any segment of it is a depressed area. This is the situation with respect to the Atlantic provinces in the Canadian nation. This situation is more disturbing because at the time of confederation this was a flourishing community which joined this nation to make a bigger and better nation. This action brought about the direct opposite over the years.

The retarded economy of the Atlantic provinces is a subject which is receiving many comments in periodicals all across Canada, a subject which has been brought to the attention of the government and the public through many channels, by editorial comment, by speakers in chambers of commerce, boards of trade, service clubs, and by other means. Lately there has been a strong awakening amongst the people of the Atlantic provinces as to their present position in the Canadian community, and keener concern as to their future. This stronger awakening and keener concern has brought about more serious thinking and action on the part of groups and individuals, with the Atlantic provinces' press urging government action, with timely and well considered planned programs of action aimed at bringing about these things that are necessary to ensure that the Atlantic provinces' place in our confederation is close to the Canadian average.

The adverse position of the Atlantic provinces is being recognized more and more by Canadians in the other six provinces. The Canadian press of central and western Canada have also taken up the plea for an improved economy for the provinces on the Atlantic coast. With the widespread movement for concerted action to bring about an improvement in the Atlantic region it is timely that this amendment to the supply motion be placed before the House of Commons because it provides an opportunity for a two-day debate on a matter which is one of the most important facing Canada on the home front.

Many appeals have been made, and from many sources, for unity amongst all Atlantic province members of parliament in the matter of aid to the Atlantic region. A prominent Canadian journalist expressed the view that the problems of the Atlantic provinces should be aired vigorously, and the only effective place in which that could be done was on the floor of the House of Commons, where every voice raised strengthened the case and pricked the conscience of those who forgot the Atlantic provinces. The case is for unanimity on the part of all Atlantic provinces members. Neglect of this region cannot continue if all members from the Atlantic provinces with one voice call for a program of required assistance. I should like to add that this view was expressed by a journalist from central Canada.

This unanimity should be expressed by all Atlantic members, without reservation, in the initial stages of the planning. When the necessary data has been compiled it is conceivable that there will be internal disagreements which will have to be worked out, if a program is to be developed that will bring about the over-all desired result without having a serious adverse effect on any area. Action cannot be postponed much longer without a still more serious situation developing. Whatever is done must be done without further delay. The action taken will, of necessity, have to be something exceptional, something never undertaken before.

The Gordon commission, in its supplementary report on the retarded economy of the Atlantic provinces, stated as a general conclusion:

> The long term and ultimately effective solution of the problem must be expected to come from further resource development. The core of the problem is the creation of conditions which will attract capital into such development.

It was unfortunate that the solemn pledges made by Conservative federal candidates in the 1957 election campaign and repeated in the 1958 campaign, called the Atlantic resolutions, died a hurried death. I feel that I should express the view that probably some of those candidates who were in the political arena for the first time felt that those promises and pledges would be as vigorously promoted in parliament as they were on

the hustings, in government as well as in opposition. The candidates who were not successful at the polls have not the same onus, or the same opportunity, to promote these pledges. It is the duty of those elected, who so pledged themselves—and there are 21 of them—to vigorously promote the solemn promises made.

No doubt many of the Conservative members from the Atlantic provinces elected for the first time in 1957 and 1958 felt that all the things that were promised would materialize. They probably waited for their senior colleagues to lead the fight, particularly their four senior colleagues who became cabinet members representing the four Atlantic provinces. These same members who cried out when in opposition for the very things they later promised to do in the Atlantic resolutions have failed to promote any action toward bringing about those things that are recognized as essential for the improvement and future stability of the Atlantic provinces.

Let us take a look at the pledges made in the Atlantic resolutions, a charter drafted by the 31 Conservative candidates in the Atlantic provinces during a meeting and released to the press in the form of large advertisements on June 4, 1957, just six days before election day that year. These advertisements were headed, "Before You Vote Read 'The Atlantic Resolutions' ". A subheading in the advertisement states that the promises were endorsed by every Progressive Conservative candidate in the maritimes. I wonder why this subheading did not include the Newfoundland members? The opening paragraph, following the subheading entitled "Atlantic Resolutions", included the names of all 31 Conservative candidates in the Atlantic provinces.

The most significant heading in the advertisement, most significant in view of the fact the action promised has not been taken in the three-year period, is the heading entitled "A Call for United Action at Ottawa".

In view of what has taken place since June 10, 1957, one is led to believe that the Atlantic resolutions were drafted with the view held by the Atlantic Conservative candidates that the Tory party would still be in opposition.

The seven resolutions were entitled: National resources development program, Decentralization of industry, Atlantic provinces power development, Transportation, Capital projects program, Fiscal needs of the Atlantic provinces and Canadian coastguard.

I hasten to give credit to the government for the financial assistance rendered in special grants to the Atlantic provinces. It would be unfair not to give credit for this action as it materially assisted these provinces.

What has taken place in respect of some of the other Atlantic resolutions has been put into proper perspective by the hon. member for Bonavista-Twillingate (Mr. Pickersgill). Other hon. members speaking for this party will deal with the Atlantic resolutions and with other matters of vital importance to the other Atlantic provinces.

Let me bring to the attention of the house a few of the statements contained in the Atlantic resolutions advertisements beyond the headings and subheadings I have listed. I believe that the vast majority of the hon. members of this house are not familiar with the document which is under discussion and I suggest they read the resolutions and decide where the onus lies. I quote from the leading paragraph:

We—

Which means the 31 Conservative candidates.

—are resolved to stand together in support of these measures—

The measures being the ones which I have just enumerated under the seven headings.

—which will help to overcome the historic disabilities which have limited and even denied opportunity to this area.

The same leading paragraph states:

We the Progressive Conservative candidates from the 31 federal constituencies in the Atlantic provinces, believe the just demands of the Atlantic community for recognition of their economic problems and special needs urgently require more united and forceful representation in the parliament of Canada.

Let me repeat the latter part of this quotation:

—urgently require more united and forceful representation in the province of Canada.

Mr. Speaker, that is exactly what is being done today by the official opposition and in view of the statements in the Atlantic resolutions it is hard to conceive that the amendment will not receive the support of all Atlantic provinces members. I feel sure that the hon. member for Restigouche-Madawaska (Mr. Van Horne) will support the amendment as he has been the only Atlantic Conservative member to demand action for the Atlantic provinces from the government on these resolutions.

The Atlantic resolutions is a good document. What is unfortunate is that it was never put into effect, that it apparently was used for a particular purpose at a particular time and then was forgotten about. It certainly had a great appeal to the voters in the maritime provinces and was an instrument by

which a very large measure of party support was secured at the polls. When solemn promises are made to the electors in a public document, those who make the promises and are elected have a solemn duty vigorously to demand in parliament and outside parliament that the promises be implemented. These demands have been found wanting.

The onus for bringing about the Atlantic resolutions rests primarily with the four Atlantic provinces cabinet ministers. They are members of the group that decide upon government policies. They are the four representatives to whom the people of the Atlantic region look for, and from whom they expect—yes, demand—leadership in the promotion and enactment of the Atlantic resolutions, in the drafting of which they played a major role. If the four Atlantic cabinet ministers lead in these demands on the floor of this chamber I am sure they will receive the complete support of all Atlantic provinces members of both parties and, I venture to say, the support of the majority of the hon. members of this house.

What contributes to the present economy in the Atlantic provinces? Federal government projects that contribute to the economy of the province of New Brunswick were all established by the former Liberal government and the same statement applies to the other Atlantic provinces. The large military camp at Gagetown is an important factor in the economy of the Fredericton-Saint John area. The Department of National Defence is by far the largest single employer of civilians in Northumberland-Miramichi and together with air force personnel is the backbone of the economy of this area. The R.C.A.F. jet operational and training base at Chatham, the R.C.A.F. radar station at St. Margarets and the naval ammunition depot at Renous were all established by the former government as was the army ordnance depot at McGivney in the adjoining county of York.

This government has not placed a single labour-employing establishment in the province of New Brunswick. A comparison of Department of Public Works and other departmental estimates for the past three years, with those of previous years under the former government shows drastic cut-backs in expenditures for New Brunswick.

Mr. Montgomery: Where did the hon. member get those figures?

Mr. McWilliam: They are in the book of estimates.

Mr. Montgomery: No.

Mr. McWilliam: The hon. member can check the matter and he will find that what I have said is correct.

A realistic approach has not been taken by this government toward long awaited adequate economic and engineering surveys of the Atlantic seaway and the Northumberland strait causeway. I say that a realistic approach has not been taken and it is evident, from the answers to questions as found in *Hansard*, that the surveys are more or less of a superficial nature, despite the promises made in 1957 and 1958 that full scale surveys would be carried out immediately.

Members of the Liberal party have listed for government action, as can be found in *Hansard*, many proposals considered to be for the benefit of the Atlantic region. One of these proposals is improvement in the highway transportation system. The Liberal party at its last convention endorsed a policy of an adequate highway system for the Atlantic provinces.

An adequate highway system is a dire need for the north and east area of New Brunswick. In this area where lumbering, fishing and farming are the chief industries and where there is a potential base metal mining industry there is a vital need of good roads for the development of these industries and the facilities with which to transport the products to distributing centres and on to their markets. Toward this end the government should promote a second trans-Canada highway, together with a network of connecting highways, needed to give incentive for investment of capital with a resultant expansion.

In the 1860's railways were required to open up the maritime provinces. In the 1960's the requirement for industrial and tourist expansion is highways. Today the maritime rail passenger services are being curtailed. Many of these services have been or are about to be eliminated or reduced. Highway transport has taken over the bulk of transportation, with the exception of carload lot shipments. Railway employees are continually being laid off, a fact which is indicative of the trend to highway transportation. Mail and express shipments are being transported over highways. All of these things point to the need for a better system of highways and connecting roads.

The foreseeable economic future of the Atlantic provinces gets more disturbing as time goes on. More and more of our young people are leaving the area in search of employment. While many are returning because they cannot find employment elsewhere, still many more never return a loss that cannot be reconciled. This exodus is due to the alarming unemployment situation in most parts of the Atlantic region. This situation is most acute in this area. It creates

a problem that affects the very root of family existence. It is a problem that is crying out for remedy and a problem that must have adequate action and co-operation at all levels of government.

Despite the exodus from the Atlantic provinces the unemployment situation has reached alarming proportions. The "Do it now, don't wait for spring" campaign met with no success in most areas of the Atlantic region. The present situation in many parts of this area is that hopes are dim for even a fair scale of employment this summer, the results of which will not reach their full impact until next winter. Is the next campaign slogan to be the opposite: "We didn't do it this year, wait until next year"?

The future economy of the Atlantic provinces looks bleaker as time goes on. More people are wondering if joining confederation was as good a move as was anticipated. It has not brought about the improvements that were envisaged, improvements that would compensate for some of the losses. The situation today reminds us of the misgivings voiced by men in public life at the time of the conference preceding confederation. No Canadians are more loyal than maritime Canadians. Our forefathers played a great role in making the Canadian nation and their descendants are proud of the contribution. Will the generation to come hold that same pride? I trust that action will be taken to preserve this pride for all time.

The maritime provinces area at the time of confederation was a flourishing community with good future prospects. It had a high Canadian average of income and standard of living for that day. Today the average Atlantic family income is away below the Canadian average and the per capita income is also away below the Canadian average. In 1955 the Gordon commission report compiled the family income at 31 per cent below the Canadian average and the per capita income at 37 per cent below the Canadian average.

The people of the Atlantic provinces are bearing their share of the Canadian contributions to underprivileged areas of the world and are pleased, I am sure, to have a part in this great humanitarian work. The Atlantic provinces are Canada's own underdeveloped area. The development of the Atlantic provinces is a national task calling for the application of national policies designed and tailored for this specific purpose and not merely the application of policies which are applied uniformly across Canada.

Much is heard these days about the best way to celebrate the one hundredth birthday of confederation seven years away. Surely the best way would be to take measures to make sure that by 1967 the people of the Atlantic provinces will have equal reason with residents of the other six provinces to rejoice, to be proud and to be fully satisfied to be a Canadian.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I am very glad to have the opportunity of taking part in this debate on this most interesting subject. I certainly appreciate the broad line of non-partisan motives which inspired the hon. member for Bonavista-Twillingate (Mr. Pickersgill) to bring forward this resolution at this time. I would say it is only a mere coincidence that an election was announced in Nova Scotia last week and that it is rumoured in various newspapers and elsewhere that there may be other elections forthcoming in the maritimes in the immediate future. That, as I said, is one of those mere coincidences which only happens in the politics of the maritime provinces.

I also appreciate the broadminded and non-partisan speech, which went a little further to emphasize its non-partisanship, which has been delivered by the hon. member for Northumberland-Miramichi (Mr. McWilliam). It certainly was one of the most non-partisan speeches, and so non-partisan that I think it was a preliminary warm-up to a statement to be read on every platform in his constituency during the provincial election when he goes down to take part in it.

The hon. member for Bonavista-Twillingate referred to the Atlantic resolutions, and he inferred, of course, that hon. members on this side of the house would naturally give support to a motion which included in it part of the language of those Atlantic resolutions. Naturally we on this side of the house and our friends on the other side will always give support to the Atlantic resolutions. As has been said, we drafted and prepared them; we have largely implemented them and we are going to stay in office until we conclude the implementation of them. The hon. member is perhaps laying a little land mine there in order to say that these terrible Tories said something one day, and then some time later he will point out where we voted against it in the resolution now before the house.

Everyone can read and everyone knows that this is a vote of non-confidence. Whatever language may be included in this resolution immediately before us, the resolution is one which we cannot accept, because if we did accept it as a vote of non-confidence it would result in the defeat of this government. Of course, it would only be defeated in the house because when we went to the

country we would be re-elected. But the result of any action which would restore hon. members opposite to the seat of power is such that we could not even continue our support of such a motion. The hon. member for Bonavista-Twillingate, who had read these Atlantic resolutions of two years ago with shocked surprise and who should know how little had been done, reminded me very much of the tale of Rip Van Winkle who slept in peace for 22 years and then came out of his sleep and suddenly realized what should have been done and what had not been done during the time he was asleep.

May I call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Nowlan: Mr. Speaker, when the house rose at six o'clock I was making some casual reference to my friend the hon. member for Bonavista-Twillingate having had an experience comparable to that of Rip Van Winkle who wakened after his long sleep and expressed surprise at what had happened in the meantime. Perhaps it would be equally accurate to use Saul of Tarsus as a simile because on the road to Damascus he kicked against the pricks and saw a great light. The hon. member for Bonavista-Twillingate after having spent three years in opposition has now undoubtedly seen a great light and speaks and acts far differently from those days when he sat on this side of the house.

Whatever may be the merits of any case the hon. gentleman presents in this house one always admires his skill as a debater in presenting the facts as he would like to have them presented, minimizing those things he does not want to be recognized and magnifying those things that should not be magnified at all. Never is he better at that than when he makes reference in fair terms—he always wishes to be fair—and then pays his respects with a slight tone of praise in his voice to the Atlantic provinces adjustments grants which he says are a good thing and then proceeds immediately thereafter to exaggerate many other matters and attacks the government for all the things it has failed to do. The hon. member reminds one in some ways of the doctor who had been dismissed by a patient who was dying of leukemia. A new doctor was summoned, diagnosed the illness, prescribed treatment and soon had the patient well on the road to recovery. When the patient had his health restored the old doctor who had been dismissed came along, examined the patient who was recovering, and said: "Your doctor did not do much for you; it is true that you are looking well and have regained your health and strength but you are not as big as Goliath; if I had been able to recognize the illness you had and prescribe treatment I would have been able to restore your health and make you well and strong again."

The economy of the Atlantic provinces has not yet attained the status of a Goliath but it is well on the way to recovery. There are many things which need to be done in those provinces. The Conservative members on this side of the house and the four cabinet ministers from that area to whom more than one reference was made by the hon. member for Bonavista-Twillingate are fully conscious of the fact that there is much left to be done but we also recognize that a great deal has been accomplished during the last three years, very much more than had been accomplished in any comparable period in the history of those provinces.

I wish to refer to the maritimes adjustment grants to which the hon. member pays such slight praise. After all, they represented only a grant of $25 million a year for four years, or $100 million in all. I realize that $100 million is not a staggering sum of money these days but it is a substantial sum of money for the economy of the Atlantic provinces. This year the province of which I am proud to be a native son had a slight surplus. I have forgotten the exact figure but it amounted to a few hundred thousand. Also, it is budgeting for a surplus of a very few thousand next year. In the meantime, it has increased its payments to municipalities by several millions of dollars, and it has embarked on various other services. Where would those government services be today were it not for the Atlantic provinces grants which have been received by that government from this government?

The same thing can be said, of course, for each one of the other Atlantic provinces. All of them have been able to improve the standard of services, maintain that standard, and balance their budgets. Without those grants they would not have been able to carry on at all, let alone introduce improvements. From the political and fiscal standpoint the grants have represented the difference between life and death. That is what this government has accomplished in that field in a very short time.

I do not propose tonight to clutter up the record with a lot of figures. We all realize that figures can be used in various ways, always fairly of course, but that various interpretations can be placed upon them. I also realize that this is probably only the

overture to what will be said time and time again during the next few weeks in at least some of the provinces in the Atlantic area, and I expect that I may be called upon on one or two occasions to make some slight contribution to the ensuing argument. I therefore do not intend tonight to go into detail in this respect nor to build up the record as it will undoubtedly be built up during the next few weeks at least in so far as the province of Nova Scotia is concerned.

There are facts, however, that are worthy of mention. Not only were these adjustment payments made of $100 million but there were increases in revenue in other ways. There were unconditional payments made to the Atlantic provinces to which I think attention should be drawn. For a moment or two I should like to put some of these figures on the record. I am now going to cover the four Atlantic provinces with respect to the amounts of these unconditional grants.

Unconditional payments to Newfoundland in 1957-58 amounted to $19 million; in 1958-59, under this government, they had increased to $41 million. Unconditional payments to Prince Edward Island in 1957-58, in the budget which was the last budget brought in by our friends who were then the government, were $4.8 million; in 1958-59 they had increased to $7.5 million. Unconditional payments to Nova Scotia which in 1957-58 were $29 million had jumped in 1958-59 to $37 million. Unconditional payments to New Brunswick which in 1957-58 were $23 million had jumped in 1958-59 to $32 million. In the aggregate the total of these unconditional payments to the four Atlantic provinces amounted to $76 million in 1957-58 and had jumped to $117.5 million in 1958-59. The increase amounted to $40.5 million or 58 per cent; I repeat that, 58 per cent.

Mr. Pickersgill: Would the hon. member permit a question just about the figures? Does not the figure for Newfoundland include two years' instalments of the Newfoundland adjustment grant paid in that particular year?

Mr. Nowlan: I think that is probably right and so the figure should be adjusted accordingly.

Mr. Pickersgill: Yes, downward.

Mr. Nowlan: I thank the hon. member for bringing that to my attention. The increase was 58 per cent taking cognizance of the fact which the hon. member drew to my attention. On the other hand, the increase in the unconditional grants to the other six provinces amounted to only $33 million or 10 per cent. That is the rather striking figure to which I wanted to draw the attention of this house, a 58 per cent increase in unconditional grants to the four Atlantic provinces as compared with a 10 per cent increase in the unconditional grants to the other provinces of Canada.

Of course, we must also consider the conditional grants. In 1957-58 these amounted to $26 million and in 1958-59 they jumped to $49 million. In the year just closed they amounted to something over $68 million. This is an increase of 160 per cent in a two-year period.

These are some of the figures to which attention should be drawn, when my hon. friend asks, or other hon. members ask, what have you done? I ask them to look at that record. When one considers the period through which this country and this government were passing, a recession, and all of the other problems, the record of this government with respect to the Atlantic provinces is something which no one needs to apologize for when an attack is made. I am sure it is something that the Atlantic provinces can look at with a great deal of pride.

Those are the purely fiscal payments; there have been many other payments made as well. Much has been done in other fields. Something was said about industry. I am not going to embark now on a discussion which my hon. friend and I have entered upon from time to time in the past and perhaps will again as to what was proposed by the former government shortly before its demise with respect to assistance to the coal industry and the establishment of industry in the Atlantic provinces, and as to what was done by this government. Suffice it to say that under this government a system of moving Nova Scotia coal, maritime coal but primarily Nova Scotia coal, by subventions, to industrial sites in the maritimes for the development of power was inaugurated, and those subventions were fixed at a level which it is estimated would enable power to be produced at a seven mill rate, and I am advised, without being an expert at all on engineering matters, that a seven mill rate would compare favourably, if not very favourably, with the power rate in Ontario from thermal sources. That should go a long way toward meeting one of the demands which has been heard in the Atlantic provinces for a long time, namely the necessity of getting lower cost power so that industry could be attracted there.

This government, under the legislation and coal subventions, up until this year has paid out over $3,540,000 for the movement of coal for industrial purposes.

Mr. Pickersgill: Is that within the Atlantic provinces?

Mr. Nowlan: Yes, within the Atlantic provinces.

Mr. Pickersgill: Not outside?

Mr. Nowlan: No. Also, in the construction of power lines, transmission lines, a grid system which is envisaged within the Atlantic Provinces Power Development Act, millions of dollars have been paid out. This money has been paid out in the establishment of those transmission lines so that all of the sources of power on the mainland from Nova Scotia to New Brunswick will be linked together in one grid system, enabling power to flow from one source to the other as it is required.

Last year my colleague, the Minister of Northern Affairs and National Resources (Mr. Hamilton), placed some figures on the record. I am not going to weary the house with figures tonight, but anyone who is interested will find them in *Hansard* of June 10, 1959, at page 4507. It is a long list of figures showing what this government has done in the establishment of various projects such as I have referred to, and particularly the transmission lines. Over $6 million was spent on this last year and a further $13 million has been pledged. Of that $13 million I understand that now the expenditures, although not complete, have run up to about $12 million. That system consists of the establishment of those transmission lines throughout the maritime provinces so that power can be transferred back and forth, thereby helping to establish an industrial life in those provinces which has not been possible before.

One could go on and develop this argument at great length but I know there are many other hon. members who wish to take part in this debate and I do not wish to interfere with them by dealing with matters that some of the others would like to deal with.

This afternoon the hon. member for Northumberland-Miramichi (Mr. McWilliam) referred to highways. He made a good provincial speech, outlining the need for more highways in New Brunswick. Undoubtedly, highways are necessary, Mr. Speaker; perhaps more money should be spent on highways; but in addition to the moneys which had been promised under the Trans-Canada Highway Act this government has also established a system of building highways to resources in the various provinces of Canada. Of this amount the maritime provinces, regardless of their size, the fact that they are very small in area and in population, are receiving the same grants as are the larger provinces of Canada. Each province is receiving $7,500,000 from the federal government, and an equal amount from the provincial government, the money to be spent over a period of years. The period was originally fixed at five years but at the request of the provincial governments this period has been extended to a time agreed upon among the various provinces. Although it will not result of course, in all of the highways being reconstructed or built, it is a substantial contribution toward the solution of a problem which the provincial governments have not had the means to deal with adequately. When I hear someone talk, as the hon. member did this afternoon, about the need for highways, I think we should indicate here again the amount of money we shall be getting in the maritime provinces within the next five or six years for the construction of highways and the reconstruction of highways, without which money it would have been impossible for the provinces to have dealt with those problems.

One of the great problems of my province in so far as its industrial life is concerned—not only of its industrial life but its agricultural life as well—is wrapped up to a great extent with the industrial area of the eastern part of the province, the coal fields and the steel mills of Cape Breton island, or the steel mills of Cape Breton island and the coal fields of Cape Breton and of the eastern part of the province.

Much has been said in this house about what has happened to coal during the time this government has been in power. Questions are asked from time to time as to when mines are going to close, and a picture has been painted of the coal industry of Nova Scotia being in a very deplorable state indeed, and the inference is left that the responsibility for this to some extent, at any rate, or to a large extent rests on the shoulders of the governments, provincial and federal. The truth of the matter is, of course, that the coal industry all over the world is in a very bad shape. Coal is being supplanted by other forms of fuel and, particularly in this country, by oil and gas which are natural Canadian products and which are entitled to a share of the market. The fact remains that despite the competition of those fuels it can be safely said that the coal industry of Nova Scotia has come through this period in a better way than have the coal fields of any other part at least of the North American continent.

We also, of course, had the problem aggravated in the last year or two by high water levels and an increase in hydroelectric development and various other factors which have depreciated the market for coal in some

ways on a temporary basis and in other ways on other than a temporary basis. These figures are rather interesting. The coal consumed in Canada during the fiscal year just ended amounted to 22,495,000 tons, the smallest tonnage of coal burned in this country since the industrial revolution took place. While the imports of bituminous coal fell from 20,180,000 tons in 1956-57 to only 11,800,000 tons last year, the production of Nova Scotia coal increased—I want the house to get this—from 5,701,000 tons to 5,806,000 tons, not a very substantial increase, it is true, but an increase of 105,000 tons when markets for coal were shrinking and falling all around the world and imports of coal into Canada were falling by this substantial amount. Is it any wonder that the market fell? Five years ago the domestic market consumed 6,700,000 tons of bituminous coal; in the year just ended it consumed only 4,600,000 tons. Five years ago the railways consumed 5,850,000 tons of coal but in the year just ended they consumed 750,000 tons, a drop of over five million tons. The total consumption of bituminous coal five years ago was 33 million tons and last year only 15 million tons.

There has been a falling off in the demand for coal but in the face of this collapsing market this government, with the assistance and co-operation of the government of Nova Scotia in providing subventions to a certain extent, by the provision of increased amounts of assistance, has managed to provide a remarkable degree of protection for the maritime coal industry. This has largely been established by the assistance of the movement of maritime coal into the province of Ontario. Three years ago, when the severity of the competition from other fuels was first felt, there were 109,000 tons of coal moved into Ontario at a cost of $167,000. In the year just ended markets were found in Ontario for 806,000 tons of coal at a cost of $2,786,000. At the same time imports of coal into Ontario fell by 4,670,000 tons.

One could go on dealing with figures in this manner but, as I promised the house in the beginning, I do not want to bore the house with too many figures at this time. However, perhaps I should put this on the record. I am referring now to the report of the coal board for the year 1958-59, with the figures added in pen for the year 1959-60, the one just closed. In 1958-59 Nova Scotia coal moved under subvention amounted to 2,238,104.13 tons and the total amount of subvention paid was $8,257,741.93; in the year just closed, 1959-60, Nova Scotia coal moved under subvention amounted to 2,414,786 tons or an increase of about 175,000 tons of coal compared with the year before despite falling markets.

Look at these figures, Mr. Speaker. The opposition says, "What have you done?" This is what the taxpayers of Canada have done under the leadership of this government and co-operating with it. Last year, 1958-59, subventions amounted to $8,257,741.93 as I said a moment ago. In the year just closed subventions provided by the government from the consolidated revenue fund of Canada on behalf of the taxpayers of Canada amounted to $13,518,396.11, and the same subvention has been provided in the estimates for the year on which we have now entered.

It is due to measures such as these that we have been able to give to the coal industry the degree of support which we have, a degree of support that I am sure is a surprise to the corporation, a surprise to the union and employees, and a very pleasant one indeed. At this juncture I think it is only fair to say that we cannot help but be impressed with the degree of co-operation of the union and the men working in these coal mines who have carried on their employment without seeking increases in pay. As a matter of fact, the corporation, the union, this government, and the government of Nova Scotia to the extent to which it has contributed, have been working together as a team and as a result of that team play the industry has been kept in this relatively strong position.

That is the present. Of the future what can one say? The future certainly is not one to cause great joy. The coal industry is facing increasing competition and undoubtedly solutions to problems will have to be found. The government, realizing that, has appointed a royal commission under the chairmanship of Mr. Justice Rand to study the problems of the industry and, we hope, to come up with suggestions and solutions for at least some of its problems. Mr. Justice Rand has had a distinguished record on the bench and in the public life of the country. He has enjoyed the confidence of labour and of all the Canadian people because of his qualities of mind, his integrity and his judgment. Although no one man can accomplish miracles, I think everyone interested in the Nova Scotia coal industry is highly appreciative of the fact that the government was able to persuade Mr. Justice Rand to enter upon this task and we are very hopeful of the results which will flow from it. Those are the problems of the future.

As far as the amount of work is concerned, there will not be any greater "down time" than last year but it is expected that there

will not be as much "down time" as there was last year. The union was perfectly satisfied with the results that were achieved last year. It was not happy, of course, but very much surprised that they were as good as they were. The union representatives who were here last week met with my colleague, the Minister of Mines and Technical Surveys (Mr. Comtois), the Prime Minister (Mr. Diefenbaker) and myself and expressed their great appreciation of the effort that this government and the government of Nova Scotia have made in trying to cope with the problem which they admitted was one of the most serious with which any economy could be faced.

Reference was also made this afternoon by the hon. member for Bonavista-Twillingate to transportation problems, and we were somewhat chided because we had not solved all the problems set forth in the Atlantic charter. I was one of those who had something to do with the drafting of that charter and I am rather proud of it. Together with members of the House of Commons from Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland I worked to draft that charter. We did not expect that we would solve all the problems in a day. We never suggested we had ready-made answers at all times to all problems. I have said enough to indicate that we have found answers to many of the problems which were confronting us when we wrote that charter. If on the afternoon and evening when we were working on the charter we could have looked forward three years and could have seen that we would have accomplished as much as we have, we would have been very pleased with ourselves indeed.

Transportation is a deep-seated problem, a deep-rooted problem, a problem of geography, a problem of history. We have a railway running in a round-about way through northern New Brunswick. It reminds one of the changes that take place in defence policy from time to time. When the British built the Rideau canal so as to be able to send troops down to the St. Lawrence it was the early D.E.W. line of Canada. In the same way, because of the danger of war with the United States, the railway was built through northern New Brunswick so as to keep it as far away as possible from the United States boundary. We are paying the price for that today with the long haul although we are assisted to some extent by the Maritime Freight Rates Act. My hon. friend spoke of the increases they made in the payments under the Maritime Freight Rates Act. That is perfectly true, but I think my hon. friend would be the first to admit that changing economic conditions, the inauguration of truck competition and of agreed charges have to a large extent minimized, although not entirely wiped out, the very substantial benefits envisaged by the Maritime Freight Rates Act when it was first introduced. We have at least reduced the increase this year to a reasonable degree.

In addition to that, we have appointed a royal commission, headed by a western maritimer or a maritime westerner, whose work, unfortunately, was delayed as a result of the illness of the first chairman, but which is conducting an exhaustive study of the freight rate problems of Canada and certainly the freight rate problems of the maritime provinces will receive very special attention. When that commission reports I hope we will have a charter before us on which we can proceed with confidence to the solution of that problem, in so far as the transportation problem can ever be solved in a country thousands of miles in width and on a very narrow basis in so far as the depth of population is concerned.

I have outlined very briefly, and very succinctly, only touching some of the highlights, what has been accomplished by this government in three years. Despite the Jeremiah wails of my friends opposite, which I suppose are natural when one is sitting in the opposition and one feels like Jeremiah that the situation is hopeless, and they undoubtedly feel more like Jeremiah than ever now, I think the greatest accomplishment is the changed outlook, the changed attitude, of the people of the maritime provinces. There is a new confidence, a new hope that was not there a few years ago.

As I have said, the problems are far from solved. However, the people today realize that they have a government in Ottawa, and governments in the provincial capitals, which are interested in their problems and are determined to find solutions in so far as solutions are possible. Despite anything that my hon. friend may, in his political enthusiasm, say about these matters, I would ask him to go back carefully over the record of his government or any other government and find accomplishments in dealing with the problems of the maritime provinces in any period of 10 years which would compare with what has been done by this government during the last three years.

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I listened with great interest this afternoon to the speech which was made, and the amendment introduced, by my colleague the hon. member for Bonavista-Twillingate (Mr. Pickersgill), and seconded by my colleague the hon. member for Northumberland-Miramichi (Mr. McWilliam). I have

also followed with great interest the speeches delivered by the hon. member for Saint-John-Albert (Mr. Bell) and by the Minister of National Revenue (Mr. Nowlan), who has just resumed his seat.

The minister said it could be a mere coincidence that such an amendment was introduced at this time. I should like to tell the minister that it is not a mere coincidence, but is the result of the unemployment situation and other conditions in the Atlantic provinces. The minister referred, in a very mild manner, to what he called the political speeches made by the hon. member for Bonavista-Twillingate and my colleague the hon. member for Northumberland-Miramichi. All of us who have been in this house for a number of years know that it has not been the practice of the minister, especially when he sat on this side, to make what he would call a political speech.

The minister referred us to the grants that were paid to the Atlantic provinces. It is true that the grants which will be paid this year and which were paid last year were bound to be higher than those that were paid in the years 1955-56 or 1956-57. We must take into consideration the increase in revenues in this country and the increase in population. I join with my colleague the hon. member for Bonavista-Twillingate in recognizing this special grant of $25 million which is now being paid to the Atlantic provinces.

The minister referred to the coal problem in the Atlantic provinces, and particularly in Nova Scotia. He more or less intimated that we in the opposition are saying that the responsibility rests on the provincial and federal governments. I should like to say at this time that we in the opposition have not forgotten the promises made by the Conservative candidates prior to the last two federal elections, especially those from Nova Scotia. These promises were not only to maintain production and try to keep the coal mines of Cape Breton open, but to increase the production of these mines.

Mr. Nowlan: We have.

Mr. Robichaud: I question some of the figures that were cited by the minister. The records are there to show that in the last two years the production of the coal mines of Nova Scotia has decreased by over one million tons or 25 per cent. Now, the minister may have used two specific years for comparison, but if he takes the production figures for the last two years I believe he will have to admit that the production is down by over one million tons or 25 per cent. In so far as the unions in the Cape Breton area are concerned, I think I have enough correspondence in my office to show that they are not satisfied, and they are certainly not happy about what is happening in their area.

I should like now to say a few words about the Atlantic charter. The minister stated that he had taken part in the framing of this Atlantic charter. I have here in front of me the Atlantic charter. The minister said that this government had found an answer to many of the problems. Earlier in his speech, before the dinner recess, he stated that most of the problems mentioned in the Atlantic charter had been taken care of by this government. I should like to know—

Mr. Nowlan: I think I said an approach had been made to taking care of them. I do not believe I said they had all been taken care of.

Mr. Robichaud: Did I hear the minister say an approach had been made?

Mr. Nowlan: I said that approaches had been made to the solution of many of them. I did not say that they had been solved.

Mr. Robichaud: There is quite a difference between an approach to a problem and the solution of a problem. What we in the maritimes are interested in right now is the solution of the problems which are facing us. It is the implementation of what is mentioned in the Atlantic resolutions in which we are interested.

What is mentioned in the Atlantic resolutions? I have here a copy of these Atlantic resolutions, with pictures of the candidates in the province of New Brunswick. I know this is the same as the charter which was approved by the Conservative candidates in Nova Scotia, Newfoundland and Prince Edward Island. As was said this afternoon, this resolution says:

> —we are resolved to stand together in support of these measures which will help to overcome the historic disabilities which have limited, and even denied, opportunity to this area.

Resolution No. 1 is:

> National resources development program.

Here is what it says:

> We emphatically endorse John Diefenbaker's policy calling for a national development program;—

Well, I would ask the minister, the hon. member for Saint John-Albert and other members from the Atlantic provinces, what has been done to endorse the policy of John Diefenbaker calling for a national development program? What has been done to develop the economy of the Atlantic provinces?

No. 2 reads:

Decentralization of industry

By united and resolute representation from the members of parliament from the Atlantic provinces, we believe that all Canadians will support a federal program of industrial decentralization.

We will urge that: 1. The Atlantic provinces receive a more equitable share of defence contract expenditures.

I should like the hon. member on the government side to produce the figures on that particular item.

2. That crown corporations be established in the area.

I should like to have named any crown corporations that have been established in the Atlantic provinces since June of 1957.

3. That special fiscal consideration be given to private enterprises which will encourage the location of industry in the Atlantic area and, further, encourage the processing of our natural resources here.

Here again I should like to know what special fiscal consideration has been given to industries in the Atlantic area. The answer would be absolutely none. No. 3 is:

Capital projects program

We favour the immediate institution of an Atlantic capital projects program which will provide federal capital assistance for provincial projects designed to enlarge the basic economy of the area.

But the facts are—and I will come back to this matter latter—that since this government has taken office, no capital projects of any nature have been introduced in the Atlantic provinces. No. 4 is:

Atlantic provinces power development.

Here I will admit that a bill has been passed having to do with Atlantic provinces power development. I am sure this point will be dealt with in detail by other members on this side of the house before this debate is over. No. 5 is:

Fiscal needs of the Atlantic provinces.

On this point I would say that I agree with my colleague the hon. member for Bonavista-Twillingate who recognized the fact that additional grants are being paid to the Atlantic provinces in the amount of $25 million a year. No. 6 is:

Canadian Coastguard

We will press for a Canadian coastguard.

They have been pressing and we are still waiting for the coastguard.

I should now like to refer for a few moments to some of the points which have been made by the hon. member for Saint John-Albert. The hon. member questioned the courage of the hon. member for Bonavista-Twillingate (Mr. Pickersgill) in speaking at this time on the maritime provinces. He referred to what he called the 22 years of absolute neglect from the Liberal administration. But just a few moments later, in referring to an editorial in the Saint John *Telegraph-Journal* of February 9 of this year, he stated that in his own county of Saint John there has been a boom that started in 1950. I would ask the hon. member who was in power here from 1950 to 1957.

Mr. Bell (Saint John-Albert): I rise on a point of order, the editorial I read this afternoon distinctly stated "the late 1950's".

Mr. Robichaud: I note that the hon. member has rather changed his point.

The hon. member referred to the loan for Beechwood. What did New Brunswick really get in this loan from the federal government to finance the Beechwood project? It is true that the loan of $29,500,000 was made to the province of New Brunswick at a rate of interest of 3.78 per cent. However, at the time the bill was introduced I remember objecting in this house to the fact that the loan was granted for too short a period, namely for eight years only. The facts today show that I was right in objecting to that term of the loan. Only a few months ago the province of New Brunswick was obliged to issue bonds in New York, in the United States, where they are paying close to 6 per cent interest. What for? They are doing it in order to pay back to the federal government the payment of $4,358,983.39 a year which they are bound to pay according to the terms of this loan.

The facts are that the province of New Brunswick would have been better off if in 1956 or early 1957 they had gone ahead on their own and issued 40-year bonds at the current rate of interest which was then in the vicinity of 4.25 per cent or 4.50 per cent and had financed the project on their own in preference to financing it on the terms of the loan made by the federal government. That is the case of Beechwood.

The hon. member for Saint John-Albert referred to the prosperity of his area and he took pride in it. I do not blame him for that. I agree with him that in the Saint John area conditions are probably much better than they are in many other areas of the Atlantic provinces. But what has this government done? What did it have to do with the conditions which exist today in the Saint John area? He himself admitted what is the fact when he gave the list of the private enterprise projects which are at present under way in his own constituency. The prosperity in his area is due not to this government's intervention, not to the policy of this government but to the courage of private enterprise

He referred to new projects by this government and when referring to this matter he had to say, in a very mild manner, that wharves, et cetera were commenced by the Liberals and were completed under the present administration. But I would ask him again what new capital projects of importance have been initiated in the province of New Brunswick or anywhere in the Atlantic provinces since 1957.

Reference has been made this afternoon to Camp Gagetown in the Fredericton area. If conditions have picked up in the Saint John and Fredericton areas it is owing mainly to the construction of Camp Gagetown which was built under the previous administration.

References have also been made to the proposed Prince Edward Island causeway. I know that this was an extremely important project prior to the provincial election in Prince Edward Island last year, just as the Chignecto canal is extremely important now prior to a provincial election in New Brunswick this year. We all know that in the 1958-59 estimates there was a sum of $360,000 for a survey for the Prince Edward Island causeway. An election was coming in Prince Edward Island in the following year. In the 1959-60 estimates there was a sum of $250,000. This year, now that the election is over, this amount has been reduced to $50,000.

We know that the Conservative government is now in power in Prince Edward Island, and this government has been called the causeway party. But after the election was won on the island, what did we hear? We heard from the Minister of Public Works (Mr. Walker) a statement giving the objections to the construction of the causeway. They were objections which did not exist prior to the September 1 election last year on the island. What were his objections? They were that the cost was much higher than he expected; that the tide was much stronger than anticipated; that the ice was much thicker than he had ever thought; and that it would affect movement of fish through the Northumberland strait. Those were objections which we all knew were there prior to the provincial election. But now that the election is over, now that the causeway cause has worked well, the minister can come out and give these objections.

What do we see now? We see the kind of shemozzle there is between the premier of Prince Edward Island and Premier Flemming of New Brunswick, each wondering which should get priority, whether it would be the causeway or whether it would be the Chignecto canal. However, we can be sure that, owing to the fact that the election is over, the Chignecto canal will likely get priority.

I would like to deal with the amendment which was introduced this afternoon by my colleague, the hon. member for Bonavista-Twillingate. We recall that in "The Nation's Business" T.V. series on Wednesday, March 2, the Prime Minister (Mr. Diefenbaker) said:

> The responsibility of the federal government extends to every part of Canada. We believe in the development of Canadian resources for the benefit of all Canadians and the processing of more and more of these resources in Canada. We shall never be satisfied to see one part of the country develop and another lag behind.

I hope that the Minister of Veterans Affairs (Mr. Brooks) will not be all upset and scandalized if I try to picture some of the conditions which do exist in our own province of New Brunswick today. The Prime Minister was right, he may even have been sincere, in saying "We shall never be satisfied to see one part of the country develop and another lag behind." But the question today is the following: What has the present administration done to take care of regional problems, to solve or remove the inequalities of opportunities for Canadians living in the Atlantic provinces? What has the present administration done to implement in full, or even in part, the promises, the solemn pledge, made by the Conservative candidates prior to the 1957 election? The people of the Atlantic provinces were given, as was mentioned just a few minutes ago by the Minister of National Revenue, great hope for the future development of our area by those Atlantic resolutions which were dealt with in detail by the speakers who have preceded me in this debate and to which I referred a few months ago.

The failure of the present government to implement its election promises is clearly shown not only by its omissions in its policy toward the Atlantic provinces but also by its disregard to adopt a national development policy which would ensure and preserve for the Canadian people and future generations of Canadians the control of economic destiny.

I have here a pamphlet which outlines the highlights of Progressive Conservative policy which was published by the Progressive Conservative party of Canada prior to the June 1957 election. On pages 4 and 5 are outlined the five points of the new national policy which would ensure national development, as it says, for the benefit of all. The first paragraph reads as follows:

> National development. To assure economic development in all parts of this country the Conservative party will offer a new national policy founded on a renewed sense of national purpose.

Now that is very clear—"a new national policy founded on a renewed sense of national purpose". It goes on:

Whereas Sir John Macdonald was concerned with opening the west, we shall be concerned with the developments in the northern frontier.

How can we reconcile this statement of the national policy of the Conservative party with the Atlantic charter, which reads:

We emphatically endorse John Diefenbaker's policy calling for a national development program.

There is quite a difference between the program for the Atlantic provinces and the national program of the Conservative party where the Atlantic provinces are not even mentioned.

Further on in the pamphlet are stated the five points of the Conservative policy which reads as follows:

A P-C government will

1. Adopt a national development policy in co-operation with the provinces which will develop our natural resources for the maximum benefit of all parts of Canada.

Mr. Speaker, anyone would support such a policy, but we all know that this policy has not been implemented by the actions of the present government.

2. Encourage more processing of Canada's resources in Canada.

What has this government done to encourage the processing of Canada's resources in Canada? In my own constituency of Gloucester where we have huge deposits of zinc and lead which have been dormant since March 31, 1958, a day which is familiar to hon. members on the government side, an announcement was made a few weeks ago that those minerals will be transported to Belgium in order to be processed, to be smelted. I wonder if this is to encourage the development of our natural resources in Canada.

3. Correct the present unfavourable trade balances.

I do not have to elaborate on that because we know what the unfavourable trade balance has been in the last two years, over $1.5 billion.

4. Foster wider financial participation by Canadians in the development of our resources.

Here again we know that the actions of the present government in this instance are almost negligible.

5. Promote greater opportunity and employment for a steadily increasing population.

If I were discussing the unemployment situation in detail at this time I know I would be called to order, but we must all admit that now, even after the snow has gone and after the Minister of Finance (Mr. Fleming) in his budget speech said that unemployment would go with the snow, the snow is gone and unemployment is still at an all-time high in this country.

What is the economic position of the Atlantic provinces after three years of Conservative government in Ottawa? I regret that on this point I cannot agree with the Minister of National Revenue. Where are the improvements promised by the present Prime Minister and by the Conservative candidates as outlined in their Atlantic resolutions? What is the situation in my own province of New Brunswick?

We all know that the number of manufacturing establishments in New Brunswick, which had risen from 889 in 1945 to 1,077 in 1952 had decreased to 975 in 1958 after six years of Tory administration in our own province. We know that notwithstanding the promises made by the present government the number of registrations for jobs in the Atlantic region now exceeds 125,000. In my own constituency of Gloucester over 40 per cent of the labour force is today without a job and a large number of those unemployed have exhausted their unemployment insurance stamps and are without unemployment insurance benefits.

As long as I am Prime Minister, this government will not rest while one Canadian remains out of work. No one will be allowed to suffer.

Those are the well-known words of the Prime Minister. I would ask through you, Mr. Speaker, to the Right Hon. Prime Minister, what about those 840,000 Canadians today seeking jobs, a number of them suffering from hunger and privation? In my own constituency of Gloucester I know of hundreds of children who have to attend school without proper food and in many cases without adequate clothing.

An hon. Member: Do they pay family allowances there?

Mr. Robichaud: Yes, they do pay family allowances and if it were not for those family allowances and other social securities introduced by the Liberal administration those poor children would be starving today. I would ask the Prime Minister to come into my province, in my constituency of Gloucester, to come up to Sormany, Val Doucet, St. Sauveur and many other villages in my constituency, and see the misery and hardship which exists today after three years of Conservative administration. If it were not for social security benefits those poor children would be starving to death.

I do not share the views of some hon. members on the government side who take some satisfaction from the fact that such

a large number of our unemployed are able to qualify for unemployment insurance benefits during the winter months.

Mr. Ricard: You are rejoicing about it.

Mr. Robichaud: No. I am one who views with great fear and anxiety the perilous state of the unemployment insurance fund. The sum of $917 million to the credit of the fund when the present government took over had shrunk to $359 million on March 31 and will be in the vicinity of $300 million or less by the end of May this year. This decline took place in spite of the 30 per cent increase in contributions which has now been in effect for the last eight months.

With seasonal unemployment at such a high level how can the government justify its present advertising policy abroad which was referred to in this house a few weeks ago? How can the government justify its advertising such as appeared in the Belfast *Telegraph* of December 6, 1959? An advertisement in that newspaper read:

> Share in Canada's great future—
> Immediate opportunities—
> Assisted passage loans (interest free) can be arranged as required.

This advertisement appeared in the Belfast *Telegraph* December 6, 1959 at a time when there were over 800,000 unemployed in Canada. Notwithstanding this fact the government was advertising job openings in Canada in these words:

> Immediate opportunities for—
> Bakers, bookkeepers, bricklayers, carpenters and joiners, cooks, farmers, farm workers, furniture upholsterers, hairdressers, motor mechanics, repair men, painters, plasterers, mechanic repairmen, salesmen and shop assistants—

—and others. If such immediate opportunities are available the maritime papers, I am convinced, would offer free advertising space for such jobs as I have just referred to. If the government would put the same ad in the Atlantic provinces newspapers I know that it would get all the bricklayers, carpenters and other skilled workers it needs right here in Canada.

I recently received a letter from one of my own constituents in which he asked if I could lend him $50 so he could go to Seven Islands and get a job. I did not have $50 to lend him but if I had been convinced that he had a job to go to I would have gladly borrowed the money and loaned it to him so he could have found work. The government is prepared to make interest-free loans to assist in the passage of immigrants to Canada. Why does the government not offer the same thing in Canada? Why does the government not offer to pay the passage or transportation costs of workers to areas where employment is available in Canada?

If the time has come for a change in the human outlook to improve the world we live in, the time has also come for the redeployment of some part of the huge defence expenditure this country has been called upon to undertake in order to maintain its enviable position as one of the leading nations of the world. I ask the government what steps or new measures have been introduced to take care of eventual reductions in defence expenditures, particularly as they may affect the Atlantic provinces? Reference was made to that this afternoon. Has not this government learned from its experience with the Arrow? Has it not taken a lesson from its failure to act in connection with the situation at Elliot Lake? Is not the government ashamed of its failure to provide adequate assistance to the population of Springhill following the unfortunate calamity of October, 1958? The people of Springhill deserved much more than the establishment in the area of a penal institution.

This government has in mind the reduction of defence expenditures. Again I ask the members of this government, particularly the four cabinet ministers from the Atlantic provinces—three with responsibility and one without responsibility—what will happen to the city of Halifax when defence establishments curtail their operations? Again I ask what provisions are being made by this government to rectify the disparity which exists in the Atlantic area and which the Atlantic resolutions, it was promised, would help?

This is the time to establish a capital projects commission as we in the opposition have been suggesting for some time. The people of the Atlantic provinces are fed up with promises, fed up with hope and vision. What they want is action and they want it now and not tomorrow. A capital projects commission for the Atlantic provinces, we know, will not suffice in itself. It must be supplemented by a tax incentive program similar to the measures introduced in England and in Belgium where they are being used to attract industries to areas hard hit by the closing of existing industries.

How can this government and the Prime Minister justify their position toward the Atlantic provinces when, at a time of unprecedented unemployment, public works projects are being drastically reduced as so obviously shown by the estimates for the current fiscal year? As I said in this house only a few weeks ago, the estimates for harbour improvements alone are cut by $3 million in Nova Scotia and by $2.5 million in New Brunswick. What major capital project was initiated in the Atlantic provinces since this government took office two years ago? Where is the $1,800 million public works program

that was supposed to take care of the unemployment situation? It has remained in the vision stage and our unemployed are given the hope—yes, the hope—of better days to come, the hope that some day, the sooner the better, a Liberal government will again take over the administration of the affairs of this country.

The people of the Atlantic provinces have not forgotten the Atlantic resolutions. They were given the hope of better times and more employment. What did they get? The highest unemployment rate on record.

The hon. member for Saint John-Albert (Mr. Bell) said this afternoon that the amendment introduced by the hon. member for Bonavista-Twillingate went further than the Atlantic resolutions.

Mr. Bell (Saint John-Albert): No, no.

Mr. Robichaud: I ask hon. members on the government side from the Atlantic provinces how they can vote against a motion that calls for the establishment of an Atlantic capital projects program for the purpose of assuring the financing of projects essential to the economic development of the Atlantic provinces?

Mr. Bell (Saint John-Albert): Mr. Speaker, on a point of order, the hon. member has included everything in that amendment except the kitchen sink.

Mr. Robichaud: Mr. Speaker, the hon. member has just confirmed what I mentioned his having said this afternoon. I challenge every hon. member on the government side and particularly those from the Atlantic provinces to vote against the second point in our amendment which calls for:

> The provision of special fiscal incentives to private enterprise for the purpose of encouraging industrial growth and the processing of natural resources in the Atlantic provinces.

I challenge them to vote against the third point of our amendment which reads as follows:

> The institution of an immediate inquiry to determine the effects of national monetary, fiscal and economic policies on the development of the Atlantic provinces and to make recommendations on desirable changes in the application of such policies for the benefit of the Atlantic provinces.

Before voting against this part of the amendment, I invite hon. members opposite to contact Premier Stanfield and Premier Flemming of New Brunswick. Here is point No. 4 of our amendment:

> The adjustment of freight rates and the provision of transportation facilities to overcome the handicaps of the geographic position of the Atlantic provinces.

We had in our amendment, Mr. Speaker, the four points which are mentioned almost word for word in the Atlantic charter, and the basis used by the present members of the government from the Atlantic provinces in their plea to the electors of their respective constituencies before the general election. I ask again, Mr. Speaker, can they vote against such an amendment?

In concluding my remarks I would suggest that a new APEC be formed. We know of the good work which has been done by the Atlantic provinces economic council; but if this government cannot find a solution for the Atlantic provinces, then I would suggest that an Atlantic provinces economic commission be appointed, having on its membership the members of the present Atlantic provinces economic council, representatives of the provincial governments, representatives of the different municipalities and federal officials. Such a commission, be it a royal commission if the government so desires, could make straightforward recommendations to the government which it would have to follow. Such a request of the Atlantic provinces cannot be denied.

We are not asking for hand-outs. The central provinces and the western provinces know what we of the Atlantic provinces need. Just a week ago I was visiting one of my constituents and I noticed that the car at his door was manufactured in Ontario. When I opened the door I noticed that the door knob came from Peterborough. When I walked into his house I saw that the carpet came from Ontario, the furniture came from Quebec. When I went into his kitchen I saw that the washing machine, the refrigerator, the toaster and everything were manufactured in Quebec or Ontario.

Mr. McGrath: How about the lawnmower?

Mr. Robichaud: The lawnmower was certainly not fabricated in the Atlantic provinces. The cereals came from western Canada. Even the meat came not from the Atlantic provinces but from some of the other provinces.

In the Atlantic provinces we have an outlet of 1.5 million people to offer to the central provinces. We are an outlet for the central provinces. When we ask to be considered we know that we have to pay additional freight rates in order to get those goods. In return, what do the central provinces buy from us? Our pulp and paper are exported to the United States. Seventy five per cent to 80 per cent of our fish production is exported to the United States or to South America.

I again emphasize the fact that we are not asking for hand-outs; we are just asking for the rights of the people of the Atlantic provinces.

Mr. E. L. Morris (Parliamentary Secretary to the Postmaster General): Mr. Speaker, whenever the hon. member for Bonavista-Twillingate (Mr. Pickersgill) makes a speech in Newfoundland—

An hon. Member: A rare occasion.

Mr. Morris: —it is customary for the chairman of the evening to invite the audience to rise and to sing: "Jack was every inch a sailor". This practice has diminished somewhat in recent years since his schooner, the *Millie Ford,* which foundered in a breeze and came up hard on the shore, took him out of the nautical business. This afternoon, in listening to his dissertation in the house—and I shall have something to say about it—I was reminded of the first two lines of this memorable Newfoundland anthem, "Jack was every inch a sailor". You will recall it goes like this:

It was 25 or 30 years since Jack first saw the light,
He came into this world of woe one dark and stormy night.

We have witnessed today a very remarkable performance. Let us be quite clear on what it is we are asked to observe today. What we have heard from the opposition today have been very clearly provincial election campaign speeches. I for one say that this is a misuse of the time of the House of Commons at this point in its proceedings.

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

Some hon. Members: Sit down.

Mr. Morris: Since my time will run out at the end of this sitting, I wonder whether I might go on? Therefore, audacity is certainly not lost in this realm. Here we have a group of embittered, lost souls, cast adrift in two federal elections, cast out by the Atlantic provinces, all but a shattered remnant cast out. They come in here tonight and they say, "What have you done?"

Mr. Pickersgill: What have you done?

Mr. Morris: I wonder whether the hon. gentleman from Bonavista-Twillingate is aware of the little mannerism he has recently adopted in the house which I for one find—

Mr. Robichaud: He is not against the Chignecto canal.

Mr. Morris: —not very impressive; that is, this mannerism. Whenever we on this side of the house interject something with which he is not presently inclined to deal or capable of dealing with, he turns to us and refers to us as young members, or some such phrase, or "when you have been here as long as I have been here", and so on. This afternoon he referred to the hon. member for Saint John-Albert (Mr. Bell) as a young man. It turned out, of course, that the hon. member for Saint John-Albert had not made the interjection; it was made by the hon. member for Prince (Mr. Phillips).

Mr. Pickersgill: I was not confused about it at all.

Mr. Morris: I have long since stopped looking for gems from that corner of the house.

I looked up the Canadian Parliamentary Guide during the supper recess to find out some of the antecedents, the genealogy of this self-appointed champion of the Atlantic provinces; born in Ontario,—

Mr. Pickersgill: That is correct.

Mr. Morris: —educated in Winnipeg, married to a British Columbian, sprung into the Atlantic provinces on the 12th day of June, 1953, after a long career under that government. He had all that night and part of the next morning, when the house was dissolved and an election called. So we get in the house repetitious views on the Atlantic provinces from a man who was himself imposed upon his constituency.

Mr. Pickersgill: Mr. Speaker, with the greatest possible reluctance I raise a question of privilege. I was elected by my constituents on three occasions. On the first occasion I got 80 per cent of the vote; on the second occasion, 87 per cent; and on the third occasion I got more additional votes than my opponents got votes. I was not imposed at all; I was elected, and I was elected by as substantial a majority as any member in this house.

Mr. Morris: Of course, Mr. Speaker, this is typical of the Liberal zeal for parliamentary practice. There is no point of order at all.

Mr. Pickersgill: I said it was a question of privilege.

Mr. Morris: The point I make is this. The hon. gentleman may ask me to withdraw if what I say is incorrect, but I am of the opinion that not since June 12, 1953, when he was appointed, has a convention been held among his followers in his contituency. If that is incorrect he can ask me to withdraw.

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

Mr. Deputy Speaker: Order.

Mr. Forgie: You cannot make a silk purse out of a sow's ear.

Mr. Deputy Speaker: Order. I would ask the hon. member for Halifax to come back to the subject matter.

Mr. Pickersgill: Mr. Speaker, I am going to raise a point of order. Since the hon. member for Halifax has lectured us on parliamentary procedure, I do raise a point of order seriously. I have examined carefully the C.C.F. subamendment as well as the amendment I moved and I find nothing in them that has anything to do with my career before I came into the house. Interesting though it is—

Mr. Monteith (Perth): Your qualifications are very interesting.

Mr. Pickersgill: —and flattered though I am to have all this attention bestowed upon me, I think it would be more in keeping with the rules of the house if the hon. gentleman would not seek so obviously to evade debating this important resolution which sets out the Tory policy on which he was elected.

Mr. Morris: Mr. Speaker, if hon. gentlemen opposite will contain themselves long enough I will get to the subject matter of the amendment. We have had a remarkable performance in the provincial campaign field from gentlemen who make a habit of ridiculing us on this side about the vision and whose own vision is limited by the green carpeting down the centre of two legislative assemblies, one in Fredericton and one in Halifax. That is the vision of their party.

Mr. Forgie: I have a question of privilege, Mr. Speaker. I should like to ask the hon. member how he would know what an hon. gentleman would be like.

Mr. Morris: The hon. gentleman's friends in the house on that side were making such a noise in their enthusiasm for his interesting interjection that I could not possibly hear it.

Mr. Forgie: No, you would not answer it.

Mr. Morris: We have had today a further demonstration of the self-dictated piety of opposition members about the Atlantic resolutions. This is a carefully nurtured propagandist weapon in connection with which they always say before mentioning these resolutions, "Of course, Conservative members will not mind repetition of these Atlantic resolutions". This is intended to inculcate among unsuspecting people of the country the idea that we have something to be ashamed of. Let this be perfectly clear. The Atlantic resolutions to which I signed my name—I notice that the hon. member for Bonavista-Twillingate smiles but I find this a very serious subject—were in my view the most high-minded statement of public purpose by devoted young men in contemporary Canadian political history. The resolutions were and are and will remain a beacon of light after 20 years of darkness for the people of the Atlantic provinces.

I have said before, and will say as long as the electorate and breath allow me, that the Liberal party is doing the Atlantic provinces great harm by insolently repeating over and over again the most depressingly black picture which they can manage to portray of the Atlantic provinces. What are the facts?

Mr. Deschatelets: Unemployment.

Mr. Morris: In the publication, Private and Public Investment in Canada, Outlook for 1960, Regional Investment, issued by the Department of Trade and Commerce, the investment intentions of the province of Nova Scotia are given as these. Total investment intentions of primary industry and the construction industry, manufacturing, utilities, trade, finance and commercial services, housing, institutional services and government departments are given as $184.2 million in 1958, $205,800,000 in 1959 and $219,500,000 in 1960. What is backward about that?

Mr. Martin (Timmins): Good intentions.

Mr. Morris: If you go forward the opposition says you are going backwards. The total of all capital and repair expenditures in 1958 was $258,400,000, in 1959, $284 million and in 1960, $299.5 million. We have here the highest capital intentions of any year in Nova Scotia's history, which betokens the degree of optimistic faith our people have in the province of Nova Scotia.

I am sure that the hon. member for Bonavista-Twillingate, who introduced the amendment, will not say that I am out of order if I mention his beautiful constituency, the entrance to Notre Dame bay and the port of Twillingate. In listening to him this afternoon. I thought that the way you get into Twillingate is between two dangerous headlands. One is called Hell's gate and the other is called Paradise and down the middle is Twillingate. We have to be very careful going down the middle of the remarks which we heard this afternoon.

Let us contrast the health and welfare programs in Nova Scotia with those of the last year of Liberal rule, 1956. The province now pays the cost of the care of all tubercular mentally ill people. Because of federal financial assistance the province is able to pay one third of the operating cost of municipal hospitals for the mentally ill which meet the minimum and desirable standards of professional practice. The province has now agreed to raise its share of these costs to one half. In 1956 the Liberal government

paid nothing. Already half of the mentally ill under municipal care are in hospitals which have qualified for provincial assistance.

The province is able now, because of its financial situation, to supply helpful new drugs to municipal institutions. Psychiatric clinics have been opened. They had to be opened. More people became mentally ill under the Liberal government than ever before in our history. Over $3 million has been spent to improve the Nova Scotia hospital. A new nurses' residence is to be built. The hospital plan has been instituted and outpatients' service has already been expanded.

There is a shortage of hospital beds in Nova Scotia today because in the years from 1951 to 1956 the Liberal government of Nova Scotia discontinued matching federal grants for new hospital bed construction. The consequence was that nothing could be given, and that brought new hospital construction virtually to a halt. One of the first things the government of the Right Hon. John Diefenbaker did on assuming office was to increase the federal grant to $2,000, and the Stanfield government put up an extra $3,000, so that the Conservatives, who we are told have no regard for the average human being, made possible grants of $5,000 for every new hospital bed in Nova Scotia.

But hon. gentlemen will recall that as early as 1919 the government of Mackenzie King promised hospital insurance in this country, and yet 37 years later a Liberal government in Nova Scotia was not paying anything for new hospital beds.

Some hon. Members: Shame.

Mr. Morris: We now have an extension to the Halifax infirmary because of the zeal and vision of the Sisters of Charity. A $8 million treatment centre is being planned for the Victoria general hospital, a provincial institution. A contract has been let for a new hospital at Yarmouth. In Nova Scotia, the local Liberals tried to diminish the fact that the provincial government concluded an agreement for a chemical pulpmill on the strait of Canso costing $40 million. The Liberal members say, "We wanted the pulpmill, but we did not want them to take any land on which to build it."

Mr. Deputy Speaker: Order; I must say that the hon. member is worrying me with his remarks now. I think he is straying a little too far from the motion before the house. The terms of the motion are very wide indeed, but I think there has to be a relationship between his remarks and federal policies or federal administration.

Mr. Morris: I, of course, bow immediately to your ruling. I was tempted to cite those things because the last gentleman who spoke dwelt at great length on his own constituency. At least I am talking about provincial government. However, if the rules are such that I must refer to federal activities, let me refer to the federal activities in my own riding which has been mentioned. I noticed a great deal of concern about Halifax in the house today. For instance, there was the repetitious Liberal argument, how will disarmament affect Halifax? One wonders whether this party, devoted to peace, is interested in disarmament as a means of contributing to the spiritual development of man or as a means of trying to embarrass the Conservatives. I am not afraid of disarmament, not in Halifax or anywhere in the world.

Let us look at what has taken place in a replica area of the maritime provinces under this government. In the city of Halifax we are completing a $4.5 million addition to the Nova Scotian hotel, promised by the Liberals for 20 years. We bailed out the bankrupt contractor of the former Liberal administration and completed the Ralston building. We have nearly completed a $1.5 million Bank of Canada agency building. Tenders have been called for a major addition to the federal building in Halifax. Work is already under way on a quarter of a million dollar addition to the federal building at Dartmouth. The Minister of Mines and Technical Surveys (Mr. Comtois), who is sometimes asked, what are you doing for the maritime provinces, has helped us to secure a $6 million oceanographic research station near Halifax. Tenders have been called for the approaches and for the piers and jetties for that great institute.

There has been an investment of $4.5 million in the Mulgrave park housing development; that construction job is already under way and will shortly be joined by another public housing development. A $16 million federal investment, commenced by the former administration and added to and improved by this administration for the Halifax international airport, is shortly to come to fruition with operational flying to commence on July 14. We have put up numerous new buildings in defence installations such as H.M.C. Dockyard, Shearwater, Beaver Bank, and a naval armament depot. The Fairey Aviation Company, one month ago, had the highest employment in its history at Eastern passage, largely because of the federal government's procurement practices. The Halifax shipyard in recent months has incurred the same fate as shipyards throughout the world. However, it now faces a period in which re-employment will take place as a new destroyer

escort and a new Department of Transport ferry will be in the slips for construction. We now have four new industries in the industrial estates park at Woodside.

Not all of our people are employed. The hon. gentleman who preceded me talked about a reduction in the amount of money for harbours and rivers. There are 86 fishermen's wharves, public wharves, in my constituency, and 59 of these have had to be repaired in the last three years. Some of these were in despicable shape. As recently as this morning we had to call tenders to remove the outside end of one at Sheet Harbour where the Liberals had helpfully taken out the crib which lay between the outside end and the shore. How can fishermen use a wharf which is wharf here, the open water, and then shore line? I suppose it was built by one of their friends.

If the rules of the house, Mr. Speaker, had been interpreted more generously I might have had an opportunity to refer here to some remarks made about Liberal leaders in the Atlantic provinces. Mr. Hicks says that he would like to come up here and have a heart to heart, man to man talk with Mr. Diefenbaker. The man with whom he should have had the heart to heart talk was Louis St. Laurent, or is it possible that he did?

The present federal administration pays the province of Nova Scotia over $10 million more than did the previous Liberal government. I walked into this house tonight, as one of the two members for Halifax, to say how grateful my people are for the fact that this new money is coming into my riding and into the ridings of the hon. member for Queens-Lunenburg (Mr. Crouse) and the hon. member for Shelburne-Yarmouth-Clare (Mr. Legere), and all the other great constituencies in Nova Scotia. These additional federal moneys have made possible new schools, new roads, new housing and a new life of hope for our people.

I want to say this: The hon. member for Bonavista-Twillingate has had a little less than seven years of durability in the Atlantic provinces. The rest of us in the Atlantic area do not always regard age as synonymous with wisdom, but it is certainly a good primary basis. Some of us have been there a few years longer. Perhaps the hon. gentleman has not been a resident of Newfoundland long enough to know some of the delightful phrases. One of them that I like, for obvious reasons, is a saying they have in Newfoundland, "It is not every day that Morris kills a cow". This means to say that it is not every day that you get an opportunity to tell what is in your heart, and when you get it, tell it. There is another classic one, "Your tauts are too far aft". The word "taut" is Newfoundland for the word "thwart". It means the cross seat in the boat. When your tauts are too far aft, it means you are so mixed up that your opinions are not worth listening to.

Mr. C. W. Carter (Burin-Burgeo): I had an opportunity to listen to the hon. member for Halifax (Mr. Morris) for only a short while, Mr. Speaker, but what little I heard convinced me that his thwart is far too far aft. He asked for that. He chose the simile himself. If I were in the boat with my hon. friend, I think I would keep him as far aft as possible. In fact, I think I would put him overboard and tow him along.

I rose to support the amendment made by my colleague the hon. member for Bonavista-Twillingate (Mr. Pickersgill). I think it was Lincoln who said that no nation can survive half slave and half free. I believe that statement is true in an economic sense as well. The problem of the Atlantic provinces is not a regional one; it is a national one. Just as no nation can exist half slave and half free, so also a nation like Canada cannot exist if one region is condemned to be permanently hewers of wood and drawers of water for another part. Canada belongs to all Canadians. Every Canadian, no matter in what part of Canada he lives, is entitled first of all to equality of opportunity and, second, to the enjoyment of a minimum level of public services.

The problem of the Atlantic provinces has not come about as a result of an economic accident. The position in which the Atlantic provinces find themselves today can be traced directly to three main causes. In the first place, it is a direct result of the step the maritime provinces or rather—I think I can include Newfoundland and say this—the Atlantic provinces took when they joined with the central provinces to make the nation of Canada.

In the second place, it is the result of the failure of the central provinces to live up to their part of the bargain; their part of the conditions undertaken; or their part of the terms of the union.

In the third place, it is the result of federal policies which have been developed since confederation mainly to suit the economic conditions of the central provinces. If the maritime provinces had chosen not to join with the central provinces but to federate among themselves and to form a sort of Atlantic union and if they had survived as a political and geographic unit, as I think was quite probable, there is no doubt that today they would be far better off

than they are at the present time and that they could very well be as prosperous as other parts of Canada.

Prior to confederation the Atlantic provinces were far better off than were the central provinces. They had lower taxes. They had very small provincial debts. Their prosperity was due mainly to their own enterprise and initiative but also to the external trade which was a natural development of their position on the Atlantic seaboard. Their very low tariffs enabled them to trade in the world markets and to sell their own products, to carry them in their own bottoms to all parts of the world and to buy necessities from other countries at the lowest cost. That sort of situation encouraged the shipping industry and it was the shipping industry which produced the greatest revenue to the maritime provinces. The shipping industry, of course, is allied with the shipbuilding industry and that afforded them on outlet by means of which to utilize their forests and skills in shipbuilding and their skills which they developed in managing and sailing ships to every part of the world. They were able to turn all this to very good account financially.

There was great scope for the small enterpriser who was not hampered too much with tight money and who was free to produce any product he could sell. He knew that he could produce it at a low cost, that he could sell it at a low cost and that he could usually find a very good market for it.

When they joined up with the central provinces to form Canada the maritime provinces lost those great advantages. Instead of their own tariffs which could be suited to their own particular needs and to the needs of their own particular industries they became the victims of tariffs which were set up mainly for the protection of industry in the central provinces.

In other words, they became a captive market to the central provinces and that is the very identical situation in which Newfoundland finds itself today. Under that situation when they were forced to buy in the domestic market it was natural that the external trade, their great source of prosperity, would decline, and along with that decline in trade there must of necessity come a decline in the shipping industry and in the shipbuilding industry.

Part of the inducement held out to the maritimes to join with the central provinces was that they would ship their products through maritime ports, but after confederation this did not happen. The central provinces still continued to ship their goods through the United States ports of Boston and New York. They did not ship to Halifax and Saint John as had been promised. The great emporiums and manufacturing centres which had been envisioned as springing up on the sea coast of the Atlantic provinces did not materialize. At that time they had thought that as the result of confederation the maritime ports would gradually take on the same function as the United States ports in the state of Maine and the state of Massachusetts which had become the manufacturing centres for the hinterland. But this did not happen. The promised railway which was to link them up with Montreal was ten years in coming, and when it did come, as the hon. Minister of National Revenue (Mr. Nowlan) pointed out this evening, it was built for military purposes and followed a route determined by military requirements rather than by economic considerations.

As a result of all this, maritime industries have been handicapped by excessive transportation costs, and instead of being the most prosperous part of Canada they have now become something akin to the poorhouse of Canada. In late years they have found themselves in the position of having to accept handouts in various forms, like tax rentals, stabilization grants, subventions and other forms of payments.

Mr. Phillips: Who started the tax rentals?

Mr. Carter: I am not worrying about who started them, I am referring to them as a condition resulting from the failure to live up to the obligations undertaken which were accepted at the time they became part of Canada.

Now although they have suffered those handicaps they have still seen their taxes used to build great national projects like the St. Lawrence seaway, which will be of great benefit to the central provinces but has not proved to date to be of any great benefit to the maritimes. We hope that the time will come when that condition will change, but experience to date has not tended to give very much encouragement.

The hon. member for Burnaby-Coquitlam (Mr. Regier) paid great tribute this afternoon to the contributions which the people of the maritimes have made to the development of the rest of Canada. In fact, without the maritimes there could never have been any Canadian nation. The central provinces were too vulnerable to exist by themselves and would certainly have become a part of the United States economy many years ago. Since then the maritime provinces have for many years been bearing almost alone the full cost of making Canada a nation and enabling Canada to exist as a nation. That cost should not be shared by the maritime

provinces alone. It is cost that properly belongs to all Canadians and to all parts of Canada.

Therefore the payments which have been made to the Atlantic provinces should be viewed in that light, not as handouts or as generous gifts but as a national obligation. In fact, I think one could almost use the word restitution.

We cannot begin to cure the ills of the Atlantic provinces without understanding the causes and either removing them or offsetting their effect. The Atlantic charter—I mean the political one in 1957, not the historic Atlantic charter—was merely a statement of goals. But what is needed is a planned policy to implement these goals, such as some sort of five-year or three-year program or some other fixed period of priorities and progressive development.

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

BUSINESS OF THE HOUSE

Mr. Pickersgill: Before you leave the chair, sir, I wonder if the house leader could give us some idea of the business for Wednesday, Thursday and Friday, if it is at all possible, for convenience in arranging for speakers in debate.

Mr. Churchill: Mr. Speaker, for Wednesday the main item will be the second reading of Bill C-56, an act to amend the Federal-Provincial Tax-Sharing Arrangements Act. If that is completed, budget resolutions will follow. I cannot give the items for Thursday and Friday tonight.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

LABOUR FORCE SURVEYS, INDIAN RESERVES

Question No. 281—**Mr. Howard:**

1. Are any labour force surveys being conducted among Indians?
2. If so, which reserves or bands are affected by such surveys?
3. What are the results and/or recommendations in the case of each reserve or band?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. Yes. Attention has been given to the development of labour force surveys in a number of regions, particularly during this past winter, as a means of facilitating the placement of Indians, both in seasonal and permanent employment. Additional surveys will follow.

2. Surveys have been undertaken or are under way as follows:

British Columbia: Nanaimo, Halalt, Chemainus, Cowishan and Nanoose Bands.

Alberta: Saddle Lake, Good Fish, Keeheewin, Cold Lake, and Frog Lake bands.

Manitoba: Long Plains, Gamblers, Keeseekoowenin, Waywayseecappo, Swan Lake, Rolling River, Birdtail Sioux, Oak River, Oak Lake, Peguis, Fisher River, Lake Manitoba, Lake St. Martin, Fairford, Little Saskatcheewan, Jackhead, Sandy Bay, and Valley River bands.

Northern Ontario: Moose band.

Southern Ontario: Golden Lake, Oneidas of the Thames, Chippewas of the Thames, and the Munceys of the Thames bands.

Quebec: Pointe Bleue, Oka, Pierreville, Seven Islands, Schefferville, Bersimis, Caughnawaga, Temiskaming, Amos, and young Indian people at Restigouche.

3. In view of the fact that these surveys have in the main been undertaken this winter, it will be some time before the full effects can be known.

INDUSTRIALIZATION AND MECHANIZATION STUDY, INDIANS

Question No. 282—**Mr. Howard:**

1. Has any study been made of industrialization and mechanization as such things affect Indians?
2. If so, what are the results and recommendations of such study?
3. Which department participated in this study?

Answer by: **Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration):**

1. Yes. The Department of Citizenship and Immigration recently commissioned the University of British Columbia to undertake a comprehensive study of the Indians of British Columbia. The report on this study by Messrs. Hawthorn, Belshaw and Jamieson included reference to the effects on Indians of industrialization and mechanization. The department also sponsored a study of the integration of the Indians in the Red Lake mining district of northwestern Ontario. The effects of industrialization and mechanization have been reviewed at two national conferences of Indian superintendents, at regional conferences of field staff, and at meetings of specialists. These effects are recognized to be of prime importance, and as such are given full consideration in the daily operation and the planning of the department.

In addition to studies conducted by the department this subject was dealt with in a report on the socio-economic study of people of Indian descent in Manitoba undertaken by the Manitoba department of agriculture and immigration in 1956.

2. The recommendations in the Hawthorn report, and the conclusions reached in other studies cover a great number of specific points in a wide variety of circumstances. The question can therefore be answered only in a general way. It is recognized that industrialization has created many problems for Indians. If they are to have greater opportunities to participate in the Canadian economy, the two chief means of accomplishing this are through expansion of academic and vocational education and increased assistance in finding employment in industry.

In recent years a greatly expanded academic and vocational program has been developed within the Indian affairs branch to prepare Indians for employment. With the appointment of specialist staff, urban placement programs have been introduced in all regions, and rural employment measures are being organized at the regional and agency levels, in co-operation with national employment service, immigration branch, other government departments and agencies, as well as unions and employers.

Greater emphasis has been given in this period of transition to programs of community and social development and principles of self-help including substantially increased expenditures for Indian houses to improve living conditions on reserves.

3. Answered by 1.

HOUSE OF COMMONS

Tuesday, May 3, 1960

The house met at 2.30 p.m.

DEFENCE EXPENDITURES

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. G. E. Halpenny (London) presented the first report of the special committee on defence expenditures, and moved that the report be concurred in.

Motion agreed to.

ATOMIC ENERGY

NUCLEAR TESTS—PRESENTATION OF CANADIAN VIEW AT SUMMIT CONFERENCE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Acting Prime Minister. In view of press reports from Paris, will the government make known to the United Kingdom, the United States and France its view that the ban on nuclear tests should be discussed and, if possible, decided at the forthcoming summit conference?

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, I thank the Leader of the Opposition for having given me notice of his intention to ask this question. I have not seen the press reports to which the hon. gentleman refers. However, sir, it is well known that disarmament is to be an important item on the agenda of the summit meetings, and there is obviously a close connection between the question of the discontinuance of nuclear tests and disarmament.

On the question of nuclear tests, the policy of the Canadian government has been made very clear, both in public and in private, to our allies, including the countries to which the hon. gentleman referred in his question, on many previous occasions. Therefore I do not think there can be any doubt in the minds of any of our allies as to the government's firm opposition to the continuance of such tests.

NATIONAL DEFENCE

NORTH BAY—CONTINUATION OF WORK ON BOMARC SITE AND SAGE CENTRE

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Minister of National Defence. In view of the understandable confusion at the moment and, I might add, the genuine concern of the people of my area, can the minister say, first, whether work will be proceeded with as planned at the Bomarc site near North Bay? Second, regardless of the success or failure of the Bomarc, will the control project, which for security reasons is referred to as the defence installation at Trout lake, be continued without interruption?

Hon. G. R. Pearkes (Minister of National Defence): On December 14 last, Mr. Speaker, a contract for some $3 million was let for the construction of the Bomarc site at North Bay. To date something over $427,000 has already been spent. It is not the intention of the government at the present time to cancel that contract. Work is proceeding and will continue to proceed until the government of the United States inform us of any change of program they may suggest in connection with the Bomarc development and the air defence plans for the defence of this continent.

Regarding the other installation which has been referred to, as the hon. gentleman said, as a defence installation, the purpose of that has not been declared for security reasons, but I see no reason why it could not now be announced that that is a SAGE communication centre. The SAGE communication system is designed not only to control the Bomarc but to control interceptors or any other weapons which are being used in the air defence system. It is of assistance in the identification and tracking of friendly and hostile aircraft, and may be described as a centre for air battle management and air surveillance. So, quite irrespective of what is the final decision regarding the Bomarc program, the SAGE program near North Bay will continue according to the present plans of the government.

Hon. Paul Martin (Essex East): I should like to ask a supplementary question of the Minister of National Defence. In view of his reply that there will be no change in the Canadian program until the United States government has declared its position, continued, confirmed or changed, then may I ask the minister whether the government of Canada, since the announcement of the congressional committee on Friday last, has taken any steps whatever to ascertain what is the position of the government of the United States with regard to this matter at this time.

Mr. Pearkes: Yes, Mr. Speaker; I was speaking to the assistant secretary of defence this morning at 10 o'clock and was informed by him what are the intentions of the government of the United States.

Hon. L. B. Pearson (Leader of the Opposition): Will the minister tell the house the intentions of the United States, as given to him this morning?

Mr. Pearkes: I do not think that would be proper.

BOMARC MISSILE—REPORTED STATEMENT BY CHAIRMAN OF U.S. SUBCOMMITTEE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Minister of National Defence. Has the minister's attention been drawn to the statement—and if so has he any views to express to the house on it—of the chairman of the United States House of Representatives subcommittee on military appropriations that "if the Canadian government starts putting pressure through the Senate foreign relations committee or the executive branch we may, after all, have to spend money on this missile in which we have no confidence at all"?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, that was the opinion expressed by the gentleman referred to. Of course it is ridiculous to think that the Canadian government is putting any pressure on the United States government in this respect. The virtue of the Bomarc and the ultimate decision as to whether it is included in the air defence inventory of this continent will depend entirely upon the military worthiness of the weapon.

BOMARC MISSILE—INQUIRY AS TO INTERGOVERNMENTAL AGREEMENT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of National Defence. In view of official denials in Washington that there was any agreement between the two governments regarding the implementation of the Bomarc program, does the minister still believe that the cancellation of this program by the United States government would be a breach of an intergovernmental agreement?

Hon. G. R. Pearkes (Minister of National Defence): Most certainly there was an intergovernmental agreement, and the cancellation of the Bomarc program without consultation with the dominion government would be a breach of that agreement. That is recognized in government circles in the United States.

Hon. Paul Hellyer (Trinity): A supplementary question. Did the minister, when he was speaking to Washington this morning, indicate any preference in respect to the Canadian attitude as to whether the Bomarc program should be continued?

Mr. Pearkes: No, Mr. Speaker.

NORTHERN AFFAIRS

MIGRATORY BIRDS—INQUIRY AS TO PROTECTION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): In view of the interest of many Canadians in the conservation of wildlife and our forests, can the minister report to the house what effect his official noisemakers are having in the scaring of blue herons out of Mr. Elmhurst's woods?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I will have inquiries made and inform the hon. member of the degree of success. If they are not having sufficient success I can recommend certain people who will do a very good job.

ADMINISTRATION OF JUSTICE

NEWFOUNDLAND—REPORTED DISCUSSION RESPECTING APPOINTMENT OF FOURTH JUDGE

On the orders of the day:

Mr. J. A. McGrath (St. John's East): I should like to direct a question to the Minister of Justice, notice of which was given to him. Has the minister's attention been drawn to a statement made by Premier Smallwood in the Newfoundland house of assembly on April 25, in which Mr. Smallwood gives a summary of a conversation he says he had with the Minister of Justice last year on the subject of the proclamation of the Newfoundland legislation creating the position of a fourth judge in that province?

Second, was there such a conversation and, if so, did the minister decline to give an assurance regarding Newfoundland traditions, as alleged by Mr. Smallwood?

Hon. E. D. Fulton (Minister of Justice): Mr. Smallwood—

Some hon. Members: Oh, oh.

Mr. Fulton: Mr. Speaker, I apologize for any unintentional discourtesy. Mr. Smallwood and I did have a conversation on this matter in his office, in June of last year, I think. Mr. Smallwood is an interesting man and it

was an interesting and informal conversation, but it did not really go at all in the way or to the effect that he now seeks to convey.

There was no discussion of "traditions" in the sense in which ordinary people would understand that word. What actually happened was that Mr. Smallwood raised a number of specific points and made clear to me a number of his own views on them as to particular tests that should be applied in determining the qualifications of any person for appointment to this position. What he asked for was an assurance that the government of Canada would agree to accept his views as to these qualifications in making the appointment. He said that if we would give him this assurance he would call a cabinet meeting at once and proclaim the Newfoundland act.

I told Mr. Smallwood that in making appointments to the bench the government of Canada accepts no such restrictions as he sought to impose, and that I declined to enter into the improper bargain which he asked me to make. I simply told him that the government of Canada was ready, as soon as he proclaimed his act, to consider immediately the appointment of the best qualified man.

That is still our position today. We do not enter into bargains with respect to judicial appointments.

Hon. J. W. Pickersgill (Bonavista-Twillingate): A supplementary question, Mr. Speaker. Is there any legislation of this parliament that would permit the minister to recommend such an appointment?

Mr. Fulton: Not at the moment, Mr. Speaker.

TRADE

STATEMENT BY MINISTER RESPECTING NEWSPAPER ARTICLE ON INTERVIEW

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce in two parts, stemming from statements in the morning press today by a Mr. Goldberg which say that the minister's review of his interviews with Mr. Goldberg in Moscow, given in this house last week, deformed the facts. First, has the minister any comment on this commentary upon the statement he gave us? Second, has he considered moving in this house to have Mr. Goldberg or the senior representative of the Associated Press in this country called before the bar of the house to explain his reflections upon the minister's veracity?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I have not given consideration to the second suggestion as yet. With regard to the first part of the hon. member's question, I have seen the article to which reference is made. The account I saw in the *Gazette* was largely a reprint of the statements which I declared on Monday to be false, and I so declare again.

I notice there is very little comment by Mr. Goldberg except the flat statement that I have been incorrect in what I have said. The rest of it is a somewhat garbled account, in my opinion, as to statements which have already been dealt with. I had rather wondered why, if there was to be a reprint of this statement, a reprint of my statement might not have been made at the same time.

I notice that the correspondent, Mr. Goldberg, was misquoted in his original dispatch. This is, of course, a calamity. The word "if" was altered to "and" through a transmission error between Moscow and the Associated Press office in New York. I sympathize with him in the misquotation which occurred.

I notice that at the request of the Canadian Press, the Associated Press checked Goldberg on the accuracy of his original statement at the time; they were able to get in touch with him, and apparently he was able to reply. I notice that in the article, in justice to Mr. Goldberg, "the following facts have to be made known", and the following facts are a reprint of the original article.

I notice that Mr. Goldberg has had 27 years' experience. By inference I have had none. I notice that he was stationed in Paris, in Prague and at the United Nations; he has been abroad. I was stationed abroad for six years in France, Belgium, the Netherlands, Germany and the United Kingdom. Mr. Goldberg's opinion is to be relied upon, apparently, because he was a war correspondent. I never had that privilege, Mr. Speaker. I was not a war correspondent. Many of them saw considerable danger in the course of their activities. My experience, unfortunately, was limited to just 20 battles.

I notice that in this article Mr. Goldberg attempts to implicate a distinguished civil servant, and accuses him of levity in the course of the discussion on uranium. The discussion on uranium consisted of one question. The distinguished civil servant is a very competent civil servant, Mr. Warren, assistant deputy minister of the Department of Trade and Commerce. He was not a war correspondent; he was just an officer in the Royal Canadian Navy who underwent as much danger and extreme hazards as any person in the Canadian navy.

Inquiries of the Ministry

Mr. Goldberg has left unexplained four things; the motive for his question; his original dispatch, which any reasonable person would assume was such to cause international trouble. He has left unexplained the fact that he asked no questions at the press conference; and he has left unexplained his reference to Blind River uranium, which is an uncommon expression nowadays because we speak of Elliot Lake, Bancroft, Beaverlodge and Northwest Territories. I have noted the report in the paper, and I stand by my statement of Monday.

Mr. Alexis Caron (Hull): May I ask a supplementary question of the minister. Could the minister tell the house how many times since 1957 he has complained of being misquoted?

Mr. Speaker: Order. I think the hon. member is asking a question which is intended to be argumentative rather than one seeking information.

Mr. Fisher: Mr. Speaker, in his statement of privilege last week the minister expressed surprise that no Canadian newspaper had tried to get in touch with him. Has it been brought to his attention that two Canadian newspapers did try to get in touch with him in Moscow and were unable to contact him?

Mr. Churchill: I received a note from the press gallery the day I spoke saying that some hours had been spent trying to get in contact with me in Moscow. I also received a telegram to the effect that a phone call was put through to Moscow, but a reply came back that the Canadian embassy was closed.

The Canadian embassy is never without someone in the building. The upper part is occupied by the ambassador, and the lower part is comprised of offices; when the staff is absent there is a security guard in attendance at all times, and he answers the phone in an emergency. During the period in question, which according to the telegram I received was from eight o'clock on Saturday morning onward, which would be three o'clock Moscow time, I was in the hotel and could have been reached there had the operator got through. There was no question about my not being accessible. Mr. Goldberg was.

URANIUM—COMPETITION FROM AUSTRALIA—INCREASED U.S. PRODUCTION

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to ask the Minister of Trade and Commerce whether he is now in a position to answer the questions asked him on April 29 concerning uranium.

[Mr. Churchill.]

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, Mr. Speaker. These questions were asked during my absence on April 29. The Leader of the Opposition (Mr. Pearson) inquired about certain reports concerning action being proposed in Australia. These reports in the press have been noted, to the effect that the government of Australia has had proposed to it financial assistance to the uranium industry in that country either through subsidies or by stockpiling.

I have no indication that any action has been taken on that proposal. In view of the relatively high cost of Australian uranium production it is doubtful whether such financial assistance, if forthcoming, would make Australian uranium seriously competitive with that of the lower cost Canadian producers.

Then on the same day the hon. member for Ottawa West drew attention to the increase in production of uranium in the United States. During the calendar year 1959 the production of Canadian uranium was less than the production of the United States of America by some 500 tons. It is expected that the United States production will rise further during 1960, because certain mines are only now reaching their contract output.

ST. LAWRENCE SEAWAY

ST. CLAIR RIVER—AWARD OF CONTRACT FOR CUT-OFF BY U.S.

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wish to direct a question to the Minister of Transport. Can the minister comment on a report that a large contract has been awarded by the United States corps of engineers for construction of a new cut-off channel at the southeast bend in the St. Clair river, being part of a larger project in connection with the St. Lawrence seaway?

Would the minister also explain why, although this particular phase of the over-all project is located entirely in Canada, the contract should have been awarded by the United States corps of engineers?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for giving me notice of this question shortly before I entered the house.

I have not seen the article in question, but I have had officials of my department check into it. They have been in touch with the Department of External Affairs, who have advised us as follows. In the reach of the St. Clair river to which the hon. member has referred, an intergovernmental agreement was worked out whereby the improved

channel would be financed by funds appropriated by the United States congress. The work on this channel was to be shared between Canada and the United States, Canadian and United States contractors being given equal opportunity to bid, and Canadian and United States labour being employed as equally as possible.

When bids were called about two months ago, two contractors, one Canadian and one from the United States, submitted bids. They were accepted, and these two contractors will presumably be hiring workers from their respective countries so that the provisions of the agreement worked out between the governments whereby Canadian and United States labour will be employed in approximately equal numbers may be fulfilled.

The maintenance of this channel will be the responsibility of the Canadian government.

DEFENCE PRODUCTION

REPORTED DUMPING OF USED U.S. CONSTRUCTION EQUIPMENT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Defence Production. I have not given the hon. gentleman notice, but perhaps he can take this as notice if he desires. I should like to know whether the minister has seen an article which appeared in this morning's *Gazette* entitled "Dumping by U.S. Charged" which implies that millions of dollars worth of second hand United States construction equipment is being dumped in Canada with the sanction of the federal government.

Have representations been made to the minister against this action, as stated in the article, and has the hon. gentleman any comment to make thereon?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, the hon. member for Laurier should know that sales of United States equipment have been going on for several years. Representations have been made with a view to the cancellation of the agreement under which these imports have been possible. I have been interested in this problem, and I do not think anybody approves of the dumping of used construction material on the Canadian market. On the other hand, while I was considering this brief, small contractors and municipal contractors as well as local municipalities, presented their views to the effect that it is to their advantage that this construction machinery be sold by crown assets to different municipalities in Canada. At the moment I am comparing the two briefs, one by this equipment company and the other by the municipalities and small contractors, and a decision will soon be reached by the government.

As I read the article, the Minister of Defence Production is said to have done a turn-about. There is no turn-about in this question, as the question has not been brought to the government. We are waiting for the preparation of the memorandum by small contractors, and especially municipal contractors.

IMMIGRATION

INQUIRY AS TO POLICY RESPECTING FARM WORKERS

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I have a question for the Minister of Citizenship and Immigration. In the absence of the minister I direct the question to her parliamentary secretary. My question arises out of newspaper reports to the effect that a new immigration policy has been initiated which will enable young farmers from the Netherlands, Belgium and France to come to Canada to work on Canadian farms. Can the minister inform the house whether the same policy will apply to sons of farmers of other countries such as Greece, Poland, Italy, Yugoslavia, or any other country wishing to participate in this scheme?

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): Mr. Speaker, I shall be glad to take this question as notice and bring it to the minister's attention on her return.

PENITENTIARIES

ST. VINCENT DE PAUL—STATEMENT ON REPORTED SLAYING OF INMATE

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): Yesterday the hon. member for Skeena asked me a supplementary question in connection with the death of an inmate at St. Vincent de Paul penitentiary on Sunday. His supplementary question was a request for information as to where the physician was at the time the man fell and where he had to be called from.

I am advised that the doctor at St. Vincent de Paul penitentiary is Dr. Lefebvre. He lives on Jean-Talon street in Montreal and is employed on a full time basis by the penitentiary. I am further advised that Dr. Lefebvre was called by the penitentiary between 10.15 and 10.20 a.m. on Sunday, May 1, and that he was informed that the penitentiary officials thought

the inmate was already dead. He left immediately for the penitentiary, where he arrived between 10.40 and 10.45 a.m. In the meantime the inmate had been carried to the penitentiary hospital and had been looked after by the attendants and nurses. The death certificate was signed by the doctor at 10.50.

LABOUR CONDITIONS

REQUEST FOR COMMENT ON REPORTED REMARKS OF PRIME MINISTER

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I can ask the Minister of Labour whether he was consulted by the Prime Minister (Mr. Diefenbaker) before he made the statement attributed to him in his speech before the Canadian chamber of commerce in London that "this year will be a good year; we shall be able to welcome and absorb into employment many tens of thousands of immigrants"? If so, does the minister not think he should try first to absorb into employment the hundreds of thousands of Canadian unemployed?

Mr. Grafftey: That is a nice speech, but it is really not a question.

Mr. Speaker: The latter part of the question was undoubtedly asked for the purpose of argument. I am not sure about the earlier part, whether it is a suitable question to ask the minister, whether he was consulted by the Prime Minister before he made the statement.

Mr. Pickersgill: I will be glad to ask the minister whether he concurs in that view.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the Prime Minister is one of the greatest prime ministers this country has ever had, and he is a person who has his finger on the pulse of the whole economy.

ALBERTA—REPORTED PROTEST AGAINST RAILWAY EMPLOYMENT CONDITIONS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. Has he been able to obtain the information concerning the question I asked the Prime Minister, which question was referred to him and which he said he would take up with Canadian National Railways, in connection with the protest of the Alberta lodge against the abolition of railway sections in that province?

[Mr. Fulton.]

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I passed that question along to the management of Canadian National Railways, and I have not had a report from them since that time.

[*Later:*]

Mr. Chevrier: Mr. Speaker, may I direct a supplementary question to the Minister of Transport apropos of the matter about which I asked him a moment ago. Since I posed the question to him another letter addressed to the Prime Minister has come to my attention. The effect of this letter is that instead of the abolition of 10 miles of section it is now proposed to abolish from 12 to 25 miles of section in the area referred to in the earlier letter and in the further letter to the Prime Minister. When the minister inquires of the officers of Canadian National Railways, could he get information on this additional matter as well?

Mr. Hees: I will be glad to do so.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO AUTHORIZATION OF LOANS TO FUND

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Acting Prime Minister, one of the greatest acting prime ministers Canada has ever had—

Mr. Argue: The question comes from one of the greatest actors Canada has ever had.

Mr. Martin (Essex East): The question unfortunately relates not to the high office of prime minister but to the important—in terms of prestige and status not as important —office of Minister of Finance—

Mr. Grafftey: Question.

Mr. Martin (Essex East): In view of the fact that as of March 31 the unemployment insurance fund had reached the alarmingly low figure of $359 million, can the Minister of Finance say whether he has, under the Unemployment Insurance Act, authorized any loans whatsoever by any agency of the government of Canada or otherwise to the unemployment insurance commission?

Hon. Donald M. Fleming (Minister of Finance): In thanking the hon. gentleman for his most generous and touching allusion, in reply may I say I recognize that I am replying to one of the greatest parliamentarians to have represented the riding of Essex East in the last five years.

Mr. Pickersgill: You could have been generous and said 25.

Mr. Fleming (Eglinton): The loans of which he is aware, which were made to the unemployment insurance commission by the Minister of Finance in the fiscal year 1958-59, were repaid in due course, and there is no such indebtedness at the present time. Under the law, Mr. Speaker, I am required at the close of the fiscal year, when I bring in the budget, to report any loans that may be outstanding. If my hon. friend will do me the honour of examining the budget speech closely, and the white paper, he will find no loans outstanding.

Mr. Martin (Essex East): Will the Minister of Finance say whether any recommendation is now on his desk from the investment committee suggesting that such a loan should be extended by the Bank of Canada to the unemployment insurance commission?

Mr. Fleming (Eglinton): Mr. Speaker, I have two desks. When I left my office in the Confederation building at 10.20 a.m. this morning that desk was clear. When I left my office in the parliament buildings to come into the chamber at 2.30 p.m. that desk was clear.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Did I correctly understand the Minister of Finance, who has such a clear desk, to say that it was his obligation to report those loans in his budget speech? If so, can the minister tell us why he failed to do so last year?

Mr. Fleming (Eglinton): Mr. Speaker, the law was punctiliously complied with. The hon. gentleman will see the full report of loans outstanding at the end of the fiscal year. He understands, I am sure, that the fiscal year ends March 31st.

ROYAL CANADIAN AIR FORCE

UPLANDS, ONTARIO—REPORTED TOWING AWAY OF AUTOMOBILES

On the orders of the day:

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Is the minister aware of a legal suit against the commanding officer at Uplands airport in relation to the towing away or removal of 30 automobiles owned by air force personnel on that station? I understand that the notice was sent out on April 22.

Some hon. Members: Question.

Mr. Peters: Will the minister inform the house whether an investigation is contemplated to ascertain if the commanding officer, Group Captain Mussells, exceeded his authority in disposing of the automobiles belonging to air force personnel at Uplands in this disgraceful manner?

Hon. G. R. Pearkes (Minister of National Defence): I have no information on this matter. This is the first time it has been brought to my attention. I will be very pleased to look into it.

REQUEST FOR STATEMENT ON BOMBER CRASH NEAR MILWAUKEE

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of National Defence. Does the minister have any report for the house in respect of the very tragic crash of the R.C.A.F. Mitchell bomber?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I am sure all hon. members regret the loss of the Mitchell bomber over the week end which resulted in six officers and airmen of the Royal Canadian Air Force losing their lives. I understand that the plane has been located and that part of the wreckage has already been salvaged. Two bodies have been recovered. An investigation is being carried out as to the cause of this tragic accident. I have no detailed report yet of the investigation.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF STUDENTS FROM ST. LAWRENCE UNIVERSITY

On the orders of the day:

Mr. R. J. McCleave (Halifax): Mr. Speaker, I have a question for the Acting Prime Minister to which I have given him the answer. Is he aware that for more than 10 years students from a United States university have visited parliament each year to observe the workings of our system of democracy, and that students from St. Lawrence University in Canton, New York are now in the gallery with Professor William Willoughby?

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, I thank the hon. member for having given me notice of the answer though not of his intention to ask this question. I welcome the question, and I am sure all hon. members welcome the presence in the gallery of these students and their professor from St. Lawrence University in Canton.

GRAIN

SASKATCHEWAN—INQUIRY AS TO EQUALIZATION OF QUOTAS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade

and Commerce. Can the minister inform the house whether he was able to have conversations yesterday with representatives of the Canadian wheat board concerning the large proportion of low and inequitable quotas in certain parts of Saskatchewan, and as to what steps are being taken to equalize these quotas by the end of the crop year?

Hon. Gordon Churchill (Minister of Trade and Comerce): Mr. Speaker, I spoke to the Canadian wheat board concerning this subject not yesterday but on Friday, and received an assurance from them that as quickly as possible the quotas will be raised to a six-bushel level across the prairies. The number of points still on low quotas is quite limited, and every effort is being made to bring them into balance.

PRIVILEGE

MR. FISHER—CORRECTION OF STATEMENT MADE IN RAILWAY COMMITTEE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, on a question of privilege, it has been brought to my attention by the president of Canadian National Railways that before the sessional committee on railways, air lines and shipping, which has completed its deliberations, I uttered a gross misstatement of fact, and I want to put the record straight if I may. At a meeting of the committee I indicated that the former distinguished member for Port Arthur, Right Hon. C. D. Howe, was a director of the Canadian Pacific Railway. This was an error on my part, made through an association he has with a completely different firm. If by that remark I caused any embarrassment to Mr. Howe I should like to take this opportunity of apologizing to him and correcting the record.

NATIONAL REVENUE

MONTREAL—REPORTED PARKING CHARGE FOR CARS OF EMPLOYEES

On the orders of the day:

Mr. Azellus Denis (St. Denis): I should like to direct a question to the Minister of National Revenue. Is the minister aware that in the income tax building in Montreal there is a large room for the parking of employees' cars, and that the department has now decided to charge the employees $10 rent for the parking of their cars?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, I am unaware of that fact. I do not think the department has control of the rental of public buildings. I would assume that this is a question that probably should be directed to my colleague the Minister of Public Works. All I do is collect money, and I do not charge anybody for the privilege.

Mr. Denis: If the Minister of Public Works heard the question could he answer without my repeating it?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I will be glad to take the matter under consideration.

SUPPLY

The house resumed, from Monday, May 2, consideration of the motion of Mr. Fleming (Eglinton) for committee of supply, and the amendment thereto of Mr. Pickersgill, and the amendment to the amendment of Mr. Regier.

FEDERAL AID TO ATLANTIC PROVINCES

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, before calling it ten o'clock last night I had endeavoured to show that the economic ills of the maritime provinces can be directly attributed to three causes. These three causes are, first, the political union between the maritime provinces and the central provinces; second, the failure of the central provinces to carry out certain parts of their agreements included in the terms of union and their tardiness in carrying out other parts of their agreements; third, federal policies since confederation, which have been geared to the political and economic requirements of the central provinces rather than to the economic needs of the maritime provinces.

It did not make economic sense for the maritime provinces to join up politically with central Canada. The channels of trade have always run north and south, and when these channels were changed to an east and west direction the result was that the maritime provinces were placed in an inferior economic position. However, out of loyalty to the British crown and to British traditions, they accepted that inferior position, knowing that it would cost them something financially but not knowing quite how much, and trusting that the central provinces, in good faith, would see to it that this price would be kept to the absolute minimum.

Here, Mr. Speaker, I should like to draw a parallel between the maritime provinces and Newfoundland. If it made poor sense for the maritime provinces to join central Canada, it made even less economic sense for Newfoundland to become a part of Canada. All our production is competitive with mainland Canada. None of our production is complementary to mainland Canada. A celebrated economist pointed out that analogy a few days ago as between Canada and Russia, that

Canada and Russia have competitive production. If the maritime provinces made Canada possible, Newfoundland made Canada complete.

Now, had the maritime provinces put dollars before loyalty they would not have joined with the central provinces. They would very likely have formed a union amongst themselves, and quite possibly they might have joined with the United States. Had Newfoundland put dollars first we certainly would not have joined with Canada. We did not have to join with mainland Canada. We had excellent relations with our friends in the United States. They had already established bases in our country, and those bases were making a very big contribution to our economic life. Like every free people we were entitled to self-determination, and if we had been prepared to think only in economic terms our chances of development and prosperity as part of the United States would have been far greater than our chances as part of Canada.

But our loyalty in Newfoundland to the British crown and to British traditions is second to none, and like the maritimes we too were prepared to pay a price. Some hon. members may wonder why I make that statement. You will ask, is not Newfoundland better off now than ever before? The answer is yes, but Newfoundland was better off than ever before in her history before she joined Canada. As part of the United States—if we had made a request and elected to become a state of the United States—we would be eminently better off than we are at the present time.

I remember that when I first came here to parliament in the years 1949 and 1950, many of my colleagues would inquire as to how Newfoundland was getting on as part of Canada. I would say well, we are doing very well but, and as soon as I came to this word "but" I would seldom ever be permitted to go any further. As soon as I said "but" they would interrupt me and say, are you not getting family allowances; are you not getting old age pensions? Certainly we are. Since we are a part of Canada, what would be strange about that? Why would anybody ask that question?

This type of question reveals an attitude that seems to be imbedded in the subconscious minds of mainlanders. One overlooked it because one realized that they meant well and did not realize the type of attitude they were revealing. However, I believe it is worth while to examine the reason for that kind of attitude.

The price paid by the maritimes to become a part of Canada—and I think we can include Newfoundland and say the Atlantic provinces—has become too costly for their economies to support. Their economic position has degenerated. Over the years various ingenious methods have been devised to try to offset that situation to some extent. I have no quarrel with those methods that have been invented. They will have to be continued for many years to come. But I think we must realize that these methods have generated a wrong relationship. They have put the maritime provinces in the position of poor relations who have become permanent pensioners of the rest of Canada. It implies also an unwillingness to recognize the indebtedness of the rest of Canada to the maritime provinces and to Newfoundland, and because of that fact this assistance which is given in various forms is regarded by the people on the mainland of Canada as generosity, as a favour, as something emanating from their big-heartedness rather than something that is justly due.

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

Mr. Carter: No. Every time you have asked me a question it has been a foolish one. I am not going to be interrupted.

Mr. Grafftey: It is because he cannot answer it.

Mr. Carter: I think the ancient and decrepit member from Brome-Missisquoi (Mr. Grafftey) had better remain quiet.

An hon. Member: That was not smart.

Mr. Grafftey: His vocabulary is very limited.

Mr. Carter: The first step toward curing these ills is a change of attitude and a recognition of the sacrifices made by the Atlantic provinces for a greater cause. Nowhere is that spirit more lacking than toward Newfoundland. We have been constantly reminded in the ten years of union of how much we are getting out of confederation. Never a word has been said publicly, nor has there been an acknowledgement by any official that I know of, as to how much Newfoundland contributed to Canada. That contribution included 150,000 square miles of new territory, rich resources in the Labrador, mineral wealth, hydroelectric power, half a million new citizens, an addition to the domestic market worth $250 million annually, international airports which greatly strengthen the bargaining power of Canada with other countries, various public services including railway services, hotels, public wharves and other public structures.

Last but not least, most important of all is the fact that union with Canada made

Canada a nation in the true and real sense of the word. We cannot appraise that in terms of dollars and cents, but if you want to put a value on it compare Canada with Newfoundland to what Canada would be if Newfoundland and Labrador were a part of the United States. There is never a word of appreciation of what we have given to Canada. The only reference is to the few million dollars received as a hand-out.

We are only human and we like a little appreciation, too. The first requirement, then, if we are going to tackle this problem of the maritimes is a new spirit and a new motive born of a sense of appreciation and a desire to end the disabilities from which the maritimes suffer. This new spirit is needed because it is going to involve sacrifice on the part of the other Canadian provinces. It is their turn now to accept the sacrifice for Canada. This means they may have to scale down the rate of some of their improvements in public services in order to raise the level of those in the maritimes. The economic rehabilitation of the maritime provinces should be a truly national project. It should be not merely a project of the federal government but a national project in the fullest sense of that word, undertaken and motivated by a desire in the hearts of Canadians in the other provinces to see the maritimes achieve economic equality.

This will involve a long term program, and I think this program should be based on two main principles. The first is equality of opportunity. The second principle is that there should be a minimum level of public services for all Canadians. That will require in the maritimes a survey of the existing services to determine what that level should be. Once that level of public services has been determined, then fiscal grants will have to be adjusted to attain that goal over a predetermined period. Equality of opportunity means an opportunity to help us to help ourselves. We do not want to be permanent pensioners existing on hand-outs. We can stand on our own feet. We have the resources which are able to supply us with a reasonable standard of living, but we do not have equality of opportunity at the present time. Tight money, high interest rates, excessive transportation costs, tariff policies and monetary policies all militate against the maritime provinces.

Ways and means must be found to offset those disabilities. The Maritime Freight Rates Act should be restored to its original proportions. Tariff policies should be adjusted to suit the needs of the industries. Tariff policies should be adjusted to provide special incentives to new industry. Tight money can be overcome by the setting up of a development corporation for the rehabilitation of our existing industries and the encouragement of new ones.

All these things are included in this amendment, either expressly or by implication. They have been included in the so-called Atlantic charter to which the Conservative members from the maritimes have subscribed. In view of that fact it is difficult to see how they can vote against this amendment. The blueprint for the Atlantic provinces has been set forth in very great detail in the Halifax *Chronicle-Herald* and there is no need to elaborate further on that point. All that is necessary is to untie our hands, and we can do the rest.

Mr. Aiken: Mr. Speaker, I rise to make a correction in a statement made by the hon. member who has just taken his seat.

Mr. Speaker: If the hon. member who has been speaking has made some misstatement which relates to the hon. member himself, then it would be in order to ask to make a correction.

Mr. Aiken: I was going to ask a question which the hon. member stated was a silly question.

Mr. Speaker: The hon. member has no reason for rising to comment on a refusal to accept his question. Is the hon. member rising on a question of privilege?

Mr. Aiken: Yes, Mr. Speaker. Perhaps the hon. member would now permit the question I ask going to ask him.

Mr. Carter: Mr. Speaker, replying to the question of privilege, I have observed on several occasions when I have been making speeches that the hon. member seeks to raise points—

Mr. Speaker: Order. There is no question of privilege. The hon. member has a perfect right to refuse to be interrupted when another hon. member wants to ask a question. I take it that the hon. member for Parry Sound-Muskoka was objecting to the words which were used about him. Is that the question of privilege the hon. member is raising?

Mr. Aiken: Yes, Mr. Speaker, that is the question of privilege.

Mr. Speaker: The hon. member has stated his question of privilege. He has no right to ask a question now. The hon. member has concluded his speech. I recognize the Minister of Veterans Affairs (Mr. Brooks).

Hon. A. J. Brooks (Minister of Veterans Affairs): Mr. Speaker, I am very happy this afternoon to say a few words on this resolution. I do not intend to follow the argument of the hon. member who has just taken his seat, except to say that we in what were formerly called the maritime provinces are very happy and proud indeed to have the province of Newfoundland as one of our associates in the Atlantic area.

We are very happy, too, that at no time in its history did the old colony of Newfoundland show any intention or desire to belong to any other organized nation than those comprising the British empire or the British commonwealth. I can assure the hon. member that if he will go back and read the debates in the House of Commons at the time Newfoundland came into confederation, he will find no stronger advocates for the union than those who were then in opposition and who belonged to the Conservative party. I sometimes feel that we get very little credit for this from Newfoundland, and that we are held out as great opponents of Newfoundland and its prosperity and happiness. I can assure you that this was never the case.

The hon. member did say that Newfoundland has not received very much from confederation.

Mr. Carter: Mr. Speaker, on a question of privilege, I did not make that statement; the hon. gentleman must have misunderstood me. I admit what we have received; I do not want there to be any doubt about that.

Mr. Brooks: Then I stand corrected. But I did hear the hon. gentleman say that perhaps we did not give a proper balance to what Newfoundland had contributed to Canada compared with what Newfoundland received from the other parts of Canada.

Mr. Carter: Yes.

Mr. Brooks: I was interested to see the other day a statement by Premier Smallwood to the effect that the day on which Newfoundland entered confederation was one of the greatest days in the history of that province. He was opening, I think, the new provincial building in the city of St. John's.

Mr. Speaker, it has been said that the hon. member for Bonavista-Twillingate (Mr. Pickersgill) has had considerable courage in opening up this matter of the maritime and Atlantic provinces. The subject has already been fairly well discussed by members on both sides of the house. As I listened to the speeches of hon. members on the other side I must say that I found the facts certainly had no resemblance to the material in the speeches made by those hon. members. It has been amusing indeed to listen to these speeches filled with gloomy forebodings about conditions in the different Atlantic provinces. I would recommend to my hon. friends in the opposition that they read some of the leading papers in the maritime provinces, that they read some of the special editions of those papers showing the new industries which are springing up almost weekly at the present time in different parts of those provinces. If I were in my own home town of Sussex this afternoon, Mr. Speaker, as I was invited to be, I would be assisting in opening a new industry. This has become quite characteristic of the different sections of my own province.

The feature about the Atlantic provinces which I am sure is worrying my hon. friends opposite most at the present time is the small number of Liberal representatives in this house from those provinces. There are no Liberal members from Nova Scotia. There are no Liberal members from the province of Prince Edward Island. We have a few from the province of New Brunswick. The three maritime provinces sent three Liberal members here in the last election.

As far as the provincial field is concerned today, all three maritime provinces, Prince Edward Island, New Brunswick and Nova Scotia, have Conservative governments. Therefore it is no wonder that on the eve of elections in the two provinces of Nova Scotia and New Brunswick, we hear a cry of desperation, as it were, on the part of the few Liberals who are here representing these provinces. Indeed I think it is quite significant, Mr. Speaker, that the attack on this government should come from the hon. member for Bonavista-Twillingate, in the province of Newfoundland, because that province is the last outpost of Liberalism to be found anywhere in this country.

It is true that the maritime provinces have their problems. These are problems which have been accumulating for many years. The hon. member who just took his seat mentioned some of them. Our greatest problem has been that of geography, as everyone knows. After confederation we did not prosper in the maritime provinces as we had hoped to. As the hon. member for Burin-Burgeo says, we might have done better financially if we had thrown in our lot with the United States. But there was no sentiment, at least very little, for that move in those provinces at the time; and I would say, Mr. Speaker, that there is practically none today.

We have received a very great compliment in the resolution, which expresses what they consider is the hope that in three years'

time we the government could have and would have overcome the disabilities which our provinces suffered for years since confederation, and most of all the disabilities we suffered at the hands of the Liberal party in this country for 23 years.

The other day the hon. member spoke about the deserts of the maritime provinces and said that we had made our full contribution to the rest of Canada. I do not think there is anyone who can or would doubt that our people have made a tremendous contribution to Canada. In years past they went to all sections. The great west was opened up to a large extent by men from Nova Scotia, New Brunswick and Prince Edward Island. We also bore our share of the responsibility of opening up different parts of what we then called Upper and Lower Canada. So we feel that we have been very deserving as far as this country is concerned.

However, there have been two matters which have particularly reacted against our prosperity. As I mentioned a moment ago, geography was one of the great handicaps to our provinces. The railway situation and transportation was the great problem. The railway and transportation question is still a great problem for us. Shortly after confederation the Intercolonial railway was built, which was supposed to be a great help to our three provinces. I am not going into the history of railroads, but it is sufficient to say that on account of the long hauls the Intercolonial railway did not provide the opportunities we had hoped.

In 1914 it was found that the situation had become practically intolerable as far as transportation was concerned. From 1914 to 1927 the situation went from bad to worse. In 1927, on the recommendation of Sir Rae Duncan, father of the Duncan report, the Maritime Freight Rates Act was brought into being. From 1927 to the present time freight rates have been increasing horizontally across this country, mostly under Liberal governments, I may say, until the situation in the maritime provinces had become absolutely intolerable.

Hon. members opposite ask us, what are you doing about the situation at the present time? Well, a good physician or a good doctor always examines the patient very carefully to find out just what the situation is. The present government has appointed a royal commission to study and report on the situation in the Atlantic provinces. That report has not been brought in as yet, but I am satisfied that when it is brought in this great problem of transportation as far as our part of the country is concerned will receive very careful attention.

May I say that in my opinion the Maritime Freight Rates Act must be brought up to date; it must reflect the benefits to which the Atlantic provinces are entitled. We must not again be neglected for so many years under a transportation system such as we have had in the past if we are really to play a proper part in confederation.

Mr. Pickersgill: Would the minister permit a question? Would he say what government was in office when the Maritime Freight Rates Act was enacted?

Mr. Brooks: Does that make very much difference?

Mr. Pickersgill: It makes a lot of difference to historians.

Mr. Brooks: The Liberal government was in office then, and it was in office for most of the time since, when all the inequalities as a result of the horizontal increases came into effect.

The other great problem which I mentioned a moment ago was that of cheaper power. I have heard hon. members from New Brunswick and other parts sneer at what has been done by this government to assist in the development of power in the province of New Brunswick. Beechwood has been mentioned many times in this house; it was mentioned many times before the present government came into power, and even before the Flemming government came into power in New Brunswick.

The facts are these. For many months the premier of New Brunswick came to Ottawa and asked for assistance in order that power might be produced at Beechwood on the Saint John river. All he got was smiles; no promises. Finally in desperation the premier of New Brunswick, Hon. Hugh John Flemming, determined to take the matter into his own hands and, as we know—this is history now—he borrowed money from banks and wherever he could. He took great chances and displayed great courage. He started Beechwood, and until the present government came to power he received no assistance whatsoever from the federal parliament. After the present government came to power in 1957 a $30 million loan was made to the province to pay for the building of Beechwood, at a low interest rate of 3⅞ per cent.

An hon. Member: In what year?

Mr. Brooks: In 1959.

Mr. Robichaud: Did the minister say 1957?

Mr. Brooks: In 1959. In addition to the assistance the province received toward the construction of Beechwood we also received, as hon. members know, assistance toward the construction of thermal plants, the grid

system in New Brunswick and other maritime provinces, and so on. Perhaps I may be allowed to read an extract from a speech made by Hon. Hugh John Flemming in the provincial legislature. This is from the synoptic report. Speaking of Beechwood he had this to say:

Well, Mr. Speaker, the opposition leader does not realize what that loan meant to us. I have spoken in this house many times regarding our many trips to Ottawa between 1953 and 1958 when his party was in power there, in an attempt to secure some encouragement and some financial guarantee of our bonds in order to start the Beechwood project which we knew we needed, or rather would need very soon. We received politeness and courtesy from Mr. St. Laurent—nothing more—and, Mr. Speaker, you cannot start a $30 million project without something more substantial than politeness and courtesy. We finally started the project on our own resources and, Mr. Speaker, that took some faith and courage.

I emphasize that. It did take great faith and courage on the part of the premier of New Brunswick. The report continues:

The official opening was held in June 1955 and the St. Laurent Liberal federal government did share in it. They really did something. Perhaps they deserve some credit. They allowed the Right Hon. Mr. Howe to fly to Presque Isle, Maine, in his aeroplane, drive to Beechwood by motor car, and make a speech. But, Mr. Speaker, as I have said, the Beechwood hydro development project has been a magnificent success.

The report goes on to say, further on:

From the Liberals we received—politeness and courtesy and a speech by Mr. Howe.

From the present Conservative government we received a cheque for $29,500,000 at 3⅞ per cent interest repayable over an eight-year period.

Hon. members can make their own comparisons.

What has happened as a result of this cheap power which we now have in my province? I apologize for speaking mainly about the province of New Brunswick, but the minister from Nova Scotia spoke of his own province yesterday and I think that I might therefore be excused for confining most of my remarks to New Brunswick. What has happened as a result of this cheaper power? I should like to quote from an article in the Saint John *Telegraph-Journal* of February 9 of this year. The heading is "Plenty of Power for the Whole Area". It goes on to say:

Progress means more industry. More industry means more power, and that is what the greater Saint John in the province of New Brunswick is getting.

That is a direct result of the efforts and the work of the federal government as far as my own province is concerned. Having that federal grant has helped the establishment of an oil refinery near Saint John, a $50 million project which could not and would not have been built if we did not have cheap power as the result of assistance from the dominion government. Another article in the Halifax *Chronicle-Herald* of December 2, 1959 speaks about the railway situation.

Says Fast Rail Service Helping Atlantic Ports

Faster Canadian National Railways services are placing the ports of Halifax and Saint John in a better position to increase their share of Canada's year-round export and import traffic, D. V. Gonder, vice president and general manager for the Atlantic region of the company, told an Atlantic ports day panel in Saint John, New Brunswick, Tuesday.

I have a long list of new enterprises which have sprung up and which are being built around the city of Saint John and in other parts of the province of New Brunswick at the present time. An airport addition contract has been awarded and a larger airport is being built near the city; new homes have set a record, says another article in a Saint John paper. If the people of the province of New Brunswick were discouraged why is it, as someone mentioned the other day, that the population of the province has greatly increased? It does not need me to tell this house that in days gone by we could hardly keep our average population in the maritime provinces on account of the fact that thousands of people left there every year. In the last few years, particularly in the last three years, the population of my province has grown very rapidly because the people of that province are willing to stay in New Brunswick, and they now have faith in their native province.

I am not going to weary the house with any more of these articles and headlines; I have a great many of them here. They all point to one thing, namely that the situation is improving and improving beneficially as far as our province is concerned.

How about primary industries? We heard the hon. member for Gloucester (Mr. Robichaud) speak about the coal mines of Nova Scotia which have had a hard time. I know that this federal government has done everything that it is humanly possible for any government to do to assist. I would defy anyone to question that statement; but has the hon. member ever mentioned the coal mines in New Brunswick? Our coal mines have never been in a better position in the last 25 or 30 years than they are at the present time. We are producing about a million tons of coal, which is more than the normal amount we produce. We are not only producing it, Mr. Speaker, we are selling every ton of it and the employment of the miners in the Minto area is kept at a maximum.

So much for coal; I might ask, what assistance are we getting from the federal government? Yesterday, my colleague spoke

about the assistance in subventions, which has been a great help to the maritime provinces' coal industry. We also get great assistance in loans from the federal coal board, which has assisted the mining operators in Minto very greatly. There is splendid co-operation between the federal department and the department of mines in the province of New Brunswick.

What about our forests? The production of the forests of the province of New Brunswick is as good as that of any other part of Canada. Our forests are our greatest asset. Most hon. members know that in New Brunswick our spruce trees grow faster than they do in any other part of the world. As I say, it is our greatest asset in New Brunswick. What has happened? Besides the many pulp mills which we already have in New Brunswick there is another pulp mill being built at the present time. There are other people who are interested in pulp mills who are making inquiries with the hope and the intention of building pulp mills in New Brunswick. Why are they coming? They are coming because we have this great raw material; and, second, because we now have electric power which will help them in their operations.

I will not go into the fishing industry to any great extent. My constituency is not a fishing constituency, but I think it is generally understood that the fisheries of the maritime provinces today are in as good a condition as the fisheries of any other part of Canada. As a matter of fact, speaking of the assistance which the federal government is giving, I notice that in 1957, when the Liberal government was in power for the last time, the assistance given the fisheries in New Brunswick amounted to $697,037. Last year, 1959, the assistance given by the Department of Fisheries to the province of New Brunswick amounted to $1,102,040, a difference of over $300,000. This will indicate the great interest which is being taken by that department as far as our fishing industry is concerned.

What about agriculture? I have been in the House of Commons a good many years and I must say that with all our troubles in the maritimes I have heard fewer complaints from the maritimes or from the Atlantic provinces about agriculture than I have heard from any other part of Canada, particularly the west. I am not complaining about that, Mr. Speaker, because I know the west has a terrific problem in its great wheat crop and the matter of selling wheat is one of the biggest problems we have in Canada today or we have had in Canada for a number of years. But we get very few complaints from the agriculturists or the farmers in the maritime provinces. I had letters the other day thanking this government—and thanking me —for the assistance which has been given to the dairy industry in Canada. I have the largest dairy centre in the maritime provinces; I have two large butter factories and my whole constituency is made up mostly of dairy farmers. They are satisfied and pleased with what is being done and has been done by the Department of Agriculture in Ottawa.

If I may I should like to mention some other assistance which has been of great benefit to our province and to the three other Atlantic provinces. I refer to the roads to resources. It is true that the roads to resources program touches every province in Canada except Quebec. The sum of $15 million is to be spent in each province, half by the province and half by the federal government; but I wish to point out that the little province of Prince Edward Island gets the same amount as the province of Ontario. The small province of New Brunswick gets the same amount, namely $7,500,000, as does the province of British Columbia; that is, we are used exactly in the same way.

Hon. members can imagine what $7,500,000 can do in building roads in Prince Edward Island; they can also realize how little it will do for the great province of Ontario. But I wish to point this out. The Minister of Northern Affairs and National Resources (Mr. Hamilton) informs me that not one province in Canada except Saskatchewan complained about the smaller maritime provinces being given what might be termed a great advantage in the building of roads to resources compared with larger provinces.

This is a great help to the four Atlantic provinces, particularly to the province of Newfoundland. I happened to be in Newfoundland in 1958 and, as a matter of fact, had been there a number of times. But what has struck me on each visit is how few roads there are in that great province. It has also occurred to me that if the Liberal government, for which party the province of Newfoundland has so much love, had made contributions to Newfoundland when it was in power on anything like the same scale as the present government has in the last three years the road situation in Newfoundland would have been infinitely better.

The federal government has made adjustment grants, for instance, to the four Atlantic provinces amounting to $7,500,000 a year. If the province of Newfoundland had received the same attention from the Liberal government over the 10 years from 1948 to 1958, if that province had received $7,500,000 a year it would have had $75 million to spend on roads and Newfoundland would have had roads instead of horse tracks in many parts of that province.

Let us take the question of public works. Let us take a trip through the province of New Brunswick, as I have done on many occasions. We will start with the northern part of our province. Shortly after this government came into power it authorized the building of a bridge between Campbellton, New Brunswick, and Cross Point in the province of Quebec. My mind goes back 10 or 12 years even longer to the time when former Premier McNair of the province of New Brunswick requested that a bridge be built between these two points. He put up a very strong and just argument but his argument fell on deaf ears. Nothing was done until the Conservative government came into power in 1957 when it was decided that we would give our share of the over $3 million required to build this bridge between Quebec and New Brunswick.

Go to Dalhousie and look at the work we have done in the harbour there. Go to Bathurst in the constituency of the hon. member for Gloucester. Nothing was done about the harbour there for years. The present government has made plans to dredge the harbour and make it a really good harbour. One can go anywhere in the province of New Brunswick and one will find that where the fishermen are concerned the government has been building wharves and breakwaters and assisting the fishermen and others along the coast of New Brunswick in every way.

Then we have Campobello island. For years this island with a population of over 1,200 people has had practically no access to the mainland. The Liberal government was asked for assistance and no assistance was given. At the present time arrangements are being made to build a bridge from Campobello island to Lubec in the state of Maine. Part of the cost is to be paid by the federal government, part by the province of New Brunswick and part by the state of Maine.

I could mention many other undertakings such as the numerous public buildings in the cities and towns which have been built in the very short time that the present government has been in power. Never in the history of the Atlantic provinces, particularly the province of New Brunswick, has so much been done as has been done in the last three years since the Diefenbaker government came into power.

Let us mention finance. When one speaks of giving assistance to the provinces one begins to think of money. Of course, money is the best form of assistance that can be given to any province or any people if you wish to assist them in a practical way. I have mentioned what this government has given. We have given $100 million by way of adjustment grants to be paid to the Atlantic provinces over four years at the rate of $25 million a year. That is $25 million a year over and above what is received by any other province in Canada.

I have mentioned roads to resources and I want to point out the effect this has had on the economy and the budgeting of my province. I remember that for years we were continually going into debt. This year the province of New Brunswick declared a substantial surplus. The province could never have had a surplus if it had not been for the money it received from the federal treasury. In 1957, the last year the Liberal government was in power, the provincial government of New Brunswick received $19,967,729 in unconditional grants but in 1959 the figure was $32,638,620. Surely that tells a story not only to the people of the province of New Brunswick but to all the people of Canada.

When the hon. member for Gloucester spoke yesterday he said that the increase was due to the increase in population. The increase is about $13 million, an increase of more than 33⅓ per cent. Surely no one with common sense would attribute that to an increase in population. It is due to the generosity and desire of the present government to help the province of New Brunswick and the other Atlantic provinces. Since 1952 the net debt of the province has been reduced from $218 per capita to $180 per capita in 1959, the lowest figure in many years. Of course, all these things have been possible because, in addition to receiving assistance from the federal government, we have had a very able government in the province of New Brunswick.

In closing may I repeat that there is no question that we in the Atlantic area have our problems that have not been solved. In the short time it has been in power the present government has done everything in its power to help solve these problems. What is true as to problems in the maritimes is of course also true as to problems in other parts of Canada. The expansion of the Canadian economy this year has been on a vast scale. All parts of Canada have not shared in it equally, but all have shared in it. I have faith that the Atlantic area will grow in economic strength with the rest of Canada. I do not take any pessimistic view, and I believe the future of these regions is a good one. No one who knows its people and areas as I do can entertain any doubts as to the future of the Atlantic provinces.

As I have already said, it has been a recognized aim of federal policy to provide fiscal aid to the Atlantic area. The dominion government is continuing, in many ways, to

assist the people of our four provinces to win for themselves a prosperous and secure future.

Mr. Deputy Speaker: I am sorry to interrupt the minister, but his time has expired.

Mr. Brooks: I just have one more sentence.

Mr. Pearson: Go ahead.

Mr. Brooks: I was saying, just in closing, that for years past the economy and prosperity of the Atlantic provinces had not been in any way comparable to the other provinces of Canada. I believe today we are approaching nearer to it than we ever were before. If I may cut my conclusion real short, Mr. Speaker, then it is needless for me to say it is my intention to vote against the amendment and the subamendment. Yesterday the Minister of National Revenue (Mr. Nowlan) said that it was a vote of non-confidence in the government, and that is exactly what it is. We, in the Atlantic provinces, have confidence in this government. We have every reason to have confidence in it, and we will show our confidence by voting and giving it our support whenever we can.

Mr. Hazen Argue (Assiniboia): I feel that the debate that took place yesterday and is taking place today is a very important debate, and a very essential debate in the House of Commons. I was pleased that the official opposition, who have the right under our rules to decide the type of amendment that will be moved as a want of confidence motion, did not yield to the temptation of bringing in a motion on the Bomarc but rather took advantage of this opportunity to introduce a substantial motion that affects a large section of the Canadian nation. If they had introduced a motion on the Bomarc it would have been merely to shoot what is already a dead duck and to attempt to bury, perhaps a few weeks in advance, a weapon which I hope will be given a respectable burial within a short time.

I have not very often spoken on maritime matters, Mr. Speaker, but I have often spoken on grievances affecting a larger part of Canada. Those of us who come from western Canada have felt at times in the past that we have had particular grievances that should be raised. We think so today. We have received some attention from time to time from previous governments, and I think one of the reasons the prairies have received attention from previous governments is that we have had some extended, and sometimes spirited, debates in the House of Commons. The maritime provinces, in my opinion, have a very real grievance. The people of the maritime provinces have failed to share in Canada's prosperity from time to time. Although they came into confederation with a relatively industrialized area, the fortunes of confederation have not been kind to the maritime provinces. I think a debate such as this will be of some benefit in pointing up their real and important problems.

From time to time we hear a good deal about basic human rights and fundamental freedoms. They usually have to do with political rights. They usually have to do with freedom of speech or equality because of race or equality before the law. But I think there is another equality to which the people in a sovereign democracy have a right, and that is their fair share in the resources and in the production of the nation of which they are a part. If that is so, as I believe it is, then the maritime provinces and the people of those provinces have a just grievance against the rest of Canada.

Of course, this is not a situation that developed in 1960. This is not a situation that developed in 22 years of Liberal government which did not give attention to this problem. This is a problem that has been developing for generations. The question today is not so much who is to blame as what is going to be done about this grave problem. Those of us in the C.C.F. movement feel that a planned economy, that an extension of government responsibility and government control, that a vast expansion of directed public funds in regional investment, are absolutely essential. We are certain that if the present economic system is allowed to go uncontrolled, undirected, whether this is done with a Conservative government in power or a Liberal government in power will make no difference whatever but will continue to relegate the people of the maritimes to a position of economic second-class citizens.

We have heard a lot from government members about the situation. If one were to listen to them he would think there was no problem at all, that everything had been solved, that all you had to have was three years of Tory administration and the worries of the maritime provinces had come to an end. The shorter of the members for Halifax —I understand they do not like to be referred to as the senior or junior member—last evening talked about the Atlantic resolutions. He said the resolutions were and are, and will remain, a beacon of light after 20 years of darkness for the people of the Atlantic provinces. It is not a beacon of light the people want; it is not more talk about a vision; it is not some pie in the sky. They want jobs now. They want the government to implement the Atlantic resolutions instead of talking about a beacon of light.

The hon. member went on to say, after giving some economic forecasts about capital and repair expenditures, that we have here the highest capital intentions of any year in Nova Scotia's history. The people of Nova Scotia have been living on intentions for years, good intentions. I do not believe it helps them much that the intentions now come from a Tory government rather than from a Liberal government.

The Minister of Veterans Affairs (Mr. Brooks) made a very interesting speech and, since he is an old friend of mine of many years' standing in the House of Commons, I listened to him with great attention and great respect. However, I detected all through his speech a note of self-satisfaction that all was well. The maritimes had turned the corner and, under a Conservative administration, at long last they were coming into their own. He did not give us the unemployment statistics. He did not tell us why there are more unemployed in the maritimes now than there have been for some years. He did not tell us why the total number of persons in the maritimes with jobs is 449,000, and yet the registrations at the national employment service office total 116,488.

There is widespread and serious unemployment in the maritime provinces about which this government is doing absolutely nothing. The same report shows that in the province of Ontario there are 2,192,000 persons with jobs and 240,668 registrations at the national employment service offices. In Ontario 9.1 persons had jobs for every person registered at the national employment service offices; in the maritimes only 3.85 persons had jobs for every person registered at the national employment service offices. Unemployment in the maritimes is more than twice as serious as in Ontario. If we could take care of the people of the maritimes with nice pious statements and a lot of soothing syrup then they should be well satisfied after listening to members of the government.

Hon. members opposite have not been frank enough to tell us that the problem in the maritimes is still exceedingly serious, that the unemployment situation has deteriorated rather than improved and that relative incomes of people of the maritimes compared with those of other Canadians are disgracefully low.

I have in my hand a portion of the Gordon royal commission report entitled, "Some Regional Aspects of Canada's Economic Development". In table 9 on page 45 the per capita income for the years 1951-55 is shown for the various provinces. I will mention only the incomes of Nova Scotia and New Brunswick as related to the per capita income of Ontario, the province with the highest income. The government has been saying that conditions in the maritimes are improving and that the people there are better off than they were in the past. Conditions were not good back in 1951-55. The per capita income in New Brunswick was $787 compared with a per capita income of $1,448 in Ontario. I have done some arithmetic on this, comparing these figures with the latest figures for per capita income in the provinces in 1958. The per capita income in 1958 in New Brunswick was $919 and in Ontario it was $1,696. How much better off are the people of New Brunswick with respect to income and cash dollars about which the Minister of Veterans Affairs spoke so eloquently?

In 1951-55, according to the report of the Gordon commission, the per capita income in New Brunswick was some 54 per cent of the per capita income in Ontario and under this wonderful Conservative administration about which we have heard so much and after having done such a fine job the people are in exactly the position they were in under the previous administration. Per capita income in New Brunswick is still just 54 per cent of the per capita income in Ontario. Where is the improvement? Where is the great development in the maritimes that has resulted from the Conservative administration? The percentage of per capita income is just as low under the Tories as it was under the Liberals.

What about Nova Scotia? In 1951-55 according to the report Nova Scotia had a per capita income of $880 as compared with $1,448 in Ontario. According to my calculations this works out at 63 per cent. The latest statistics available for 1958 show that the per capita income in Nova Scotia had risen to $1,072 compared with $1,696 in Ontario, still 63 per cent.

Mr. Browne (St. John's West): Mr. Speaker, would the hon. member permit a question? Is the per capita income per person in the whole population of these provinces or per the working force?

Mr. Argue: The whole population, I take it.

Mr. Browne (St. John's West): That makes a difference.

Mr. Argue: My hon. friend may want to look at family statistics and I would appreciate his talking about them but it does not make any difference. I do not think that families under the Conservatives are bigger than they were under the Liberals. My point is that the per capita income in Nova Scotia and New Brunswick as compared with the per capita income in Ontario, the province with the highest income, is just as low

under the Tories as it was under the Liberals, yet because the Conservative government is in power they are complacent and say, "All is well; we are doing a fine job". The only recommendation is that the conditions are no worse than they were under the previous administration.

Mr. Macdonnell: Mr. Speaker, would the hon. member permit a question? Do I understand that while he has pointed out that there has been a substantial increase in per capita income in the maritimes he seems to think this is of no avail whatever because there has also been an increase in Ontario and the percentage of difference is still the same? Now, granted, we would all be pleased if the income in New Brunswick had risen so much more that it had overtaken Ontario, but does the hon. member suggest that that very substantial increase which has taken place is not of great avail in New Brunswick?

Mr. Argue: That is not what we have heard from hon. gentlemen opposite. I am of course glad to see any increase in the per capita income in any part of Canada.

Mr. Bigg: Well, hurray.

Mr. Murphy: How are you getting along in Saskatchewan?

Mr. Argue: I just wish that the Tories were glad of this too instead of bringing in balanced budgets that are balanced on the backs of half a million unemployed or perhaps more.

Some hon. Members: Oh, oh.

Mr. Murphy: How are you getting along out in Saskatchewan? The hon. gentleman will not answer.

Mr. Argue: The great grievance of the maritimes has been that they have not shared in a proportionate way in the production of the Canadian nation. This grievance remains the same now and in the same proportion as it was under the previous administration. I am convinced that if you allow the present uncontrolled monopolistic dog eat dog system to go unchecked as is the wish of the Minister of Finance (Mr. Fleming) the people of the maritimes will continue to be second-class citizens as far as economic standards are concerned. We suggest the time has come for government action. My hon. friends in the Liberal party can beat their breasts about how much they believe in free enterprise but the proof of the pudding is in the eating and free enterprise is in disgrace in this country because it is failing the people of the maritimes, the unemployed and hundreds of other Canadians.

Mr. Murphy: What about Saskatchewan?

Mr. Argue: There is one voice on the government side of the house that has expressed some realization of the difficulties being faced in the maritimes. On February 26 as reported at page 1489 of *Hansard* this statement was made:

> The economic problems in Restigouche-Madawaska and in the maritime provinces generally were always bad, but when you come along with a policy of tight money conditions become a hundred times worse.

There is a statement from a Conservative member in good standing in the Conservative party who says to the government that things were bad under the Liberals but that now with Tory tight money conditions are one hundred times worse. Mr. Speaker, political recrimination will not help the people of the maritime provinces.

I am glad this motion has been brought forward. I am exceedingly disappointed by the answers of members of the government, because their answers today to the desires of the maritime provinces are one big "No". They do not intend to do any more in the future than they have done in the past, even though the record is that conditions in the maritimes now are as bad, if not worse, as they were under the administration of the former Liberal government.

Mr. Speaker, we think that the time has come for government action and for public funds to be directed into the development of the Atlantic provinces. We suggest that Canadian citizens living in the maritime provinces have a right to share equitably in the production of this country. I would suggest that the government should offer a portfolio to enable members to discover what the duties of the minister are, because we imagine he could handle his portfolio during the normal coffee break, shall we say, in the morning. They might take one of the interested cabinet ministers and make him a minister of a new department, a department of regional and economic development, a department whose specific purpose would be to see that regionally depressed areas such as the maritime provinces, Elliot Lake, Uranium City in Saskatchewan and other areas of the country receive attention from the national government. This calls for money, and here I agree with the Minister of Veterans Affairs. I suggest there should be a capital development budget of at least $1 billion of public funds for development of the economy of depressed areas.

If there are interruptions that this is too much, it is just 3 per cent of the gross national product; it is just 16 per cent of the amount now being spent by way of our

national budget; and it is just over 60 per cent of the money now being spent and largely wasted on national defence.

I would suggest that monies can be obtained for a great capital development program; that as it becomes necessary to reduce our defence expenditures the people of the maritime provinces should not be forced to suffer even more but that some large part of these savings should go into the regional development fund. I would suggest that the government should give speedy attention to such things as the Chignecto canal which holds real promise. I would suggest that the government should say what it intends to do about a causeway to Prince Edward Island. I would suggest that the government should take action to help the export industries of the maritime provinces, as well as other exporting industries in Canada such as the forestry industry and the fishing industry, by instituting a system of economic policies which will bring the Canadian dollar into par with the United States dollar and thus bolster Canada's export industry. I think it is national madness for our country to follow a policy which cripples our export industries and puts the nation in hock to foreign investors which this past year amounts to almost $1.5 billion.

I would suggest that there are other great programs for economic development. There should be a start made on an over-all highway program for Canada. The government should not be satisfied with the one highway ribbon that it is helping to promote across our country. I would suggest that for the maritime provinces as for the rest of Canada there should be a great housing development instead of the Tory policy of cutting housing, allowing the slums to remain and failing to take care of the housing needs of Canadians.

I am convinced that at this time more and more people in the maritime provinces are questioning the very tenets of the policies both of the Conservative government and the Liberal party. I hear very interesting and encouraging reports of the support that is coming to the C.C.F. party particularly in the province of Nova Scotia. This debate is bringing the attention of parliament to the needs of the maritime provinces.

There are other ways whereby people can bring to the attention of the government and the Canadian nation their needs. It can be done in provincial elections about which this government was so satisfied when provincial Liberal governments were overturned, and we used to hear so much of that in the house. Action can be taken on a provincial basis and other action can be taken.

I make no apology for the delegation which came from the prairie provinces a year ago to impress upon this government and the Canadian nation in a very vivid way conditions in the prairie provinces which condemned citizens in those areas of our agricultural industry to an inferior position. I think the people of the maritime provinces who have a just cause would be well advised to consider sending large delegations to wait on the government, which is their democratic right, in order to bring to the Canadian nation in a vivid and spectacular way the very important, serious and just grievances which are theirs. Delegations are an excellent method of focusing attention on problems in a democratic country.

Mr. Speaker, in the final analysis the only real solution will come by a very definite, decided and drastic change in the principles operating in our economic society.

Hon. W. J. Browne (Minister without Portfolio): Mr. Speaker, I am grateful for the opportunity to speak on this motion today. I tried to recall the different points made by the hon. member for Bonavista-Twillingate (Mr. Pickersgill) in opening the debate yesterday. I am not quite sure that he was serious in what he was saying, but he gave me the impression, as I think he must have given others, that he had no great heart in the task he was undertaking.

He selected the Atlantic provinces as the area in which he attempted to show that the Conservative government had failed to carry out its promises which they made before the election of 1957. At this time he took the opportunity to consider our record because of the impending elections in the two provinces of Nova Scotia and New Brunswick which will be held within the next month or so. So he concentrated on that topic, the elections being over in Newfoundland and Prince Edward Island.

Of course, there was not much he could say about Prince Edward Island. He had no complaint about that province because the people themselves had given their verdict in the general election which took place last year and had overturned a Liberal government that had been in office, I think, for over 20 years.

With regard to Newfoundland, I am sure he must have been aware of what the premier of that province said recently. He is quoted as saying that anybody would be foolish to blame the government in Ottawa for the recent recession.

However, the hon. member did manage once more to accuse this government of repudiating the constitution in regard to term 29. I have heard the hon. member say that

before, and I resent that statement. The hon. member knows perfectly well that the constitution has not been repudiated, and that we have carried out the recommendation of the McNair commission. We are carrying out that recommendation, and we have provided for a review as was asked for by counsel for the Newfoundland government and by the premier of that government. We are having that review take place before 1962, not three years later as the premier wanted.

He produced then some of the resolutions which were passed by a group of candidates who met in Moncton before the election of 1957, the resolutions which the hon. member called the Atlantic charter. It is important to remember what the circumstances of that meeting were. At that time the hon. member had, I believe, become a member of the government and we were then in opposition. The Progressive Conservative candidates met in Moncton and, actuated by the knowledge that the Atlantic provinces had been neglected for a long period, we considered what methods could best be adopted in order to bring about an improvement. Thus, we set out the objectives at which we should aim.

The complaint of the hon. member and his associates is that we have not attained all these objectives at the present time. Bearing in mind the economic difficulties of the maritime provinces—and these have been set out today by the hon. member for Burin-Burgeo (Mr. Carter)—it is not surprising that we have not been able to carry out all our intentions in the short space of three years. I think it is something of which we can be proud that we have been able to do as much as we have. We do not pretend to have solved all the problems; we do not pretend to have all the answers. On the other hand, we are doing all we can, and we have done all we can; we intend to give attention to all these problems as they are brought before us in the proper way.

The mover of this amendment then gave a brief general review under various headings: industry, coal, agriculture, fisheries, roads, transportation, the tourist industry, mining and finance. I do not think he mentioned power, which constituted such an important feature of the contribution made by the Conservative government to the expansion and development which has been taking place in Nova Scotia and New Brunswick during the past three years. I propose, myself, to say a few words about the subjects with which the hon. member dealt, but before I embark on that undertaking I should like to say something which I believe must be obvious to everyone here, namely that the federal government is not responsible for everything which takes place or which does not take place in the Atlantic provinces or any of the other provinces; we cannot interfere in the affairs of the provincial governments even to the slightest degree.

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

The provinces are autonomous and self-governing with regard to everything which is within their own jurisdiction. Nobody should know that better than the hon. member for Bonavista-Twillingate, because in Newfoundland we have the sole Liberal government in Canada today. Surely he does not expect the federal Conservative government to be responsible for the sins and omissions of that government. Neither can the federal government take credit—and we do not take credit—for what is being done of a beneficial nature in the provinces. I recommend to the hon. member for Gloucester (Mr. Robichaud) that he read the speech made by the president of the Atlantic provinces economic council contained in the April edition of the *Atlantic Advocate*. Mr. Arthur Johnson, the president, is the deputy minister of the economic development department, of which Premier Smallwood is the minister in charge. If the hon. member for Gloucester would read that speech I think he would finish up by holding a view different from the one he expressed yesterday. To get the drift of his remarks, I now propose to quote from page 3483 of *Hansard* what the hon. member said:

> We are not asking for hand-outs. The central provinces and the western provinces know what we of the Atlantic provinces need. Just a week ago I was visiting one of my constituents and I noticed that the car at his door was manufactured in Ontario.

What a crime.

> When I opened the door I noticed that the door knob came from Peterborough.

Just imagine the hon. member getting down to look at the door knob to see where it was made.

> When I walked into the house, I saw that the carpet came from Ontario.

He bent down and picked up the edge of the carpet to see where it was made. And then the hon. member said:

> The furniture came from Quebec.

What is the matter with Quebec?

(Translation):

Is it not a fact that the member can speak French and is known to speak French? But he has nothing against Quebec people working in furniture factories.

(Text):

The quotation continues:

> When I went into the kitchen I saw that the washing machine, the refrigerator, the toaster and everything were manufactured in Quebec and Ontario.

I draw the attention of the hon. member for Essex East (Mr. Martin) and the hon. member for Bonavista-Twillingate, who prides himself on being a free trader, to the attitude of the hon. member for Gloucester.

Mr. Robichaud: Keep on reading.

Mr. Browne (St. John's West): The next thing was an interruption, "What about the lawnmower?" Instead of continuing to read let me just tell hon. members what I had for lunch in the parliamentary restaurant. I had apple juice from the Annapolis valley; I had smoked codfish from Halifax and potatoes from Prince Edward Island or New Brunswick. This is evidence of the trade which is taking place between the different provinces, and I see no reason why the hon. gentleman should be excited. If he would look at his watch he will probably find that it was made in Switzerland. What a terrible thing, to be wearing an import from an European country. The hon. gentleman surely cannot hold us responsible for what this friend of his—this imaginary friend, I suggest—has in his home. I may say that when I went home I looked at the stove in our kitchen and saw it was manufactured in Sackville, New Brunswick. So they do have manufactures down there, or at least, it had been manufactured since the Conservatives came into office.

Does the hon. member want us to tell the people of New Brunswick where they should buy their things, or does he want the federal government to go down there and make the things for them? Does he want us to tell the provincial governments what they should make or import? What is the point of that argument? As I gathered, it is that the central provinces are manufacturing goods which are bought in the east, and that the people here should buy things in return. They certainly do buy produce, and anything else they can get which is supplied to them.

The former Liberal government was aware in 1956, as the secret report informed us, that there was to be a recession, and it did come to a head in 1957. Everyone in this house is aware, or should be, of the drastic measures which have been taken by this government to offset the effects of that recession. Our chief contribution to overcoming the effects of that period was in the field of housing, and the hon. member for Assiniboia (Mr. Argue), who makes these grandiloquent speeches and is so generous in distributing millions—I see he has left the house—failed to mention that we spent $1 billion on housing. He did not give us any credit for that. One billion dollars spent in three years is not peanuts. It is a considerable amount of money and, surely, the hon. member should give us some credit for doing what he himself has been advocating. This financial aid resulted in great numbers of houses being built and great numbers of people finding employment during a very difficult time.

I wish only to mention a few of the other things we did. For example, in the field of social security we increased old age pensions to $55—

Mr. Martin (Essex East): And took it away by increasing taxes.

Mr. Browne (St. John's West): Taxation did not go higher than it was under the previous government. We increased welfare payments, grants to hospitals and certain payments to veterans. I am sure the hon. gentleman from Essex East will be interested in this. We have put the hospital insurance program into effect.

Mr. Martin (Essex East): Will my hon. friend, who is a very fair minded member, not agree that the Hospital Insurance and Diagnostic Services Act was introduced in this house in 1957 by the St. Laurent government?

Mr. Browne (St. John's West): I agree that the Liberal government had some very good ideas but they did not put them into effect; it was left to us to put them into effect.

Mr. Martin (Essex East): May I ask my hon. friend a second question which I am sure he will be anxious to answer. Is it not a fact that every single act of social welfare in this country on federal account was placed on the statute books by a Liberal government?

Mr. Browne (St. John's West): I do not agree with that, but if I were to agree to it I would have to go a little into history because you might say that all the social security measures have developed in the last, say, 25 or 30 years, since the great depression that began in 1929.

Mr. Martin (Essex East): They were put on the statute books by Mackenzie King and St. Laurent.

Mr. Browne (St. John's West): Yes; I think Mr. Bennett had something to do with some of the social security measures.

Mr. Martin (Essex East): Not one.

Mr. Browne (St. John's West): If the Liberal government had never been in office those measures would have been introduced.

Mr. Martin (Essex East): Not one.

Mr. Browne (St. John's West): I want to repeat that if the Liberal government had not been in office, if it had been a Conservative government, those measures would have

been introduced into this country the same as they were introduced in Great Britain by a Conservative government. The social security measures under Lord Beveridge were introduced—

Mr. Martin (Essex East): My hon. friend knows that the first old age pension act and the first health insurance act—

Some hon. Members: Order.

Mr. Martin (Essex East): I am asking a question. The first old age pension act and the first health insurance act were introduced by a Liberal government.

Mr. Browne (St. John's West): No. My hon. and learned friend knows very well that there was no comparison between the earlier measures and the social securities introduced after Lord Beveridge's report. The point I want to make is this. All those measures have contributed in a substantial degree to the financial and economic improvement of those provinces. You could not have the financial improvement that did take place without having those social security measures, and they have been particularly beneficial in the Atlantic provinces, and more particularly, I suppose, in Newfoundland.

In Newfoundland, for example, the federal contribution for hospital insurance went as high as 64 per cent; 64 per cent was paid for by the federal government; I think it is down to 63 per cent now. In Nova Scotia it amounted to 55 per cent; and in New Brunswick 54 per cent.

As was pointed out by my colleague, the Minister of National Revenue (Mr. Nowlan), we provided $7,500,000 to each province for the building of roads to resources. This amounts to $30 million in the four maritime provinces. If each of the 10 provinces gets $7,500,000, it would amount to $75 million; therefore, the four Atlantic provinces get 40 per cent, but they have only 10 per cent of the population. I think this must be regarded as a special favour, if you like, or, certainly, a gesture of interest in the welfare of the people of the Atlantic provinces.

The hon. member for Bonavista-Twillingate made reference to the plan proposed by the Liberal leader in Nova Scotia at the federal-provincial conference in 1955. He pointed out the Liberal government in 1956 had made concessions to the people all over Canada, in all the provinces, of about $106 million, and that the maritime provinces of Nova Scotia, New Brunswick and Prince Edward Island had benefited by about $9 million a year.

Then, the hon. member made reference to the question of agriculture, and he referred to agriculture in his own riding. I do not have much knowledge of the small settlements in his riding where agriculture assumes some local importance, but I think he will admit that if agriculture declined in Newfoundland it has been due particularly to the impact of confederation, bearing in mind that the former Liberal government at Ottawa subsidized a vessel, jointly with the government of Prince Edward Island, for the shipping of agricultural produce to Newfoundland. I think he will agree that it was very difficult for the farmers of Newfoundland to carry on their industry after confederation.

Mr. Pickersgill: Will the minister permit a question?

Some hon. Members: No.

Mr. Browne (St. John's West): The industry is at its lowest ebb today.

Mr. Pickersgill: Would the minister say a subsidy is not being given by the present government to a vessel for the precise purpose that he mentioned?

Mr. Browne (St. John's West): Yes, but it was started by the Liberal government. The Liberal government likes to take credit for the things it started, so we will give it credit now. It is being partly paid by the Conservative government of Prince Edward Island at the present time but that, too, was started by a Liberal government.

However, there are some important farms in Newfoundland. I would draw the attention of hon. members to the great farm that is owned by the premier of Newfoundland on Roche's line. I would like the hon. member for Bonavista-Twillingate to tell us something about it, because I believe he had the privilege of spending a night there as the guest of the distinguished squire who presides over that magnificent farm. It is supposed to have the greatest number of cattle on any farm in eastern Canada, and I think the number of chickens there—some of them have come home to roost—goes into the many thousands.

Mr. Pickersgill: They come home to roost every night, you know.

Mr. Browne (St. John's West): They will come home to roost eventually for the premier of Newfoundland.

I do not know why the hon. member referred to farming because I have always been under the impression that farming has been successfully practised in the maritime provinces. They have large areas of fine agricultural land, and the produce from Prince Edward Island, Nova Scotia and New Brunswick is famous. We in Newfoundland, of

course, have been accustomed all our lives to buying produce from those places. I know they come on the market here as well.

Then he referred to fisheries and he regretted the preponderance of our fish finding its way to the United States market as fresh frozen fish.

Mr. Pickersgill: I am sure the hon. gentleman—

Mr. Browne (St. John's West): He did not say it in so many words.

Mr. Pickersgill: I certainly do not regret it; I regret we do not sell more there.

Mr. Browne (St. John's West): The hon. member spoke about the large quantities of fresh fish exported to the markets as if it was something to be regretted.

Mr. Pickersgill: I did not speak that way.

Mr. Browne (St. John's West): He knows that during the past 40 years, since the first world war, the countries of Europe which used to purchase large quantities of our salt fish have gone into building fleets of their own and catching their own fish. Spain, Portugal and Italy particularly send out large fleets every year to the Grand Banks and catch their own fish and salt and cure it for their people.

The policy of the Newfoundland government in regard to fisheries was to finance the building of large fresh fish plants and the fresh fish plant operators were able to borrow the money from the government of Newfoundland, as high as $5 million, to help them establish those industries, so that great financial assistance given by the government of Newfoundland resulted in an incentive to the production of fresh fish.

Then, again, the recruiting for United States bases construction of large numbers of our people who live along the long extended coast line of thousands of miles around the island took place. They were drawn away from the fishery and went to work as labourers, carpenters and carpenters' helpers, and at other work. It was the policy of the government to take 10,000 men out of the fishing boats. Their fishing gear went to ruin, and not so many of them are engaged in fishing today as formerly. Those who are engaged in it are engaged mostly in catching fresh fish which they sell to the fresh fish plants; or partly making fish which they sell at times to fish buyers who come to Newfoundland from Nova Scotia. But our government at Ottawa has also given assistance to the fisheries. The hon. member knew about that but he did not say anything about it. Last year we built 20 community stages in Newfoundland and a good many of them were in the hon. gentleman's own riding.

Mr. McGrath: Over half of them.

Mr. Browne (St. John's West): He did not make any reference to the assistance given to the fisheries by the government. We have reorganized the bait services. I do not think our fishermen will be able to complain of a shortage of bait as they were able to in the past. Anybody who knows anything about the Newfoundland fisheries knows how important is the question of bait supply. The federal government has gone out of its way to implement the report of the Newfoundland royal commission on the fisheries of the southwest coast. The hon. member for Burin-Burgeo must be aware of the several expensive wharves that have been built or are being built to assist the Newfoundland government solve the problem of the fishermen of the southwest coast.

Again, we have built a new ferry for service between Portugal Cove and Bell island. We have built two new icebreakers and new government steamers. The St. John's harbour development, which was one of those projects thought about by the former Liberal government and put on the shelf, is being carried out by the present Conservative government. The hon. member for Bonavista-Twillingate complimented his colleague, the hon. member for Grand Falls-White Bay-Labrador (Mr. Granger), on the speech he made recently regarding the fisheries of Labrador. But if I am right I think the hon. member for Grand Falls-White Bay-Labrador was advocating a return to the Labrador fishery. He can correct me if I am wrong but I think that is what he recommended. I should like to draw to his attention the fact that in 1951 a former minister of fisheries, Mr. Mayhew, put the kibosh on the Labrador fishery when he said that no further support would be given under the Fisheries Prices Support Act to fishermen fishing on the Labrador. There is not much use in anybody going in for that unless that decision is changed and I do not think the fishermen of Newfoundland have gone to Labrador to anything like the same extent since that was done.

The mover of the amendment did have a good word to say about the pulp and paper industry, especially in Newfoundland where it is booming. I do not know whether he made any reference to the new pulp mill being built in Nova Scotia which will cost $45 million. That has always been regarded in Newfoundland as the high water mark of government accomplishment. It will mean a great boon to that part of Nova Scotia where the mill is going to be built.

On the subject of mining the hon. member acknowledged the remarkable expansion and development taking place at Carol lake and to take place before long, I hope, at lake Wabush. This Labrador-Quebec mineralized area is in for a tremendous boom and the results of the expansion in employment will be felt in many other parts of Canada as well.

With regard to transportation, a problem that has agitated the business people in the Atlantic provinces and the federal government as well as the governments of the maritime provinces, we have appointed a royal commission which is now investigating the transportation problems of all parts of Canada and more particularly those of the Atlantic provinces. I hope that the commission will be able to bring in a report which we can implement and which will be of benefit to business people and people generally in these provinces.

My colleague, the Minister of National Revenue, referred to the subject of coal, a subject to which the hon. member for Gloucester has constantly referred. Notwithstanding the sweeping expansion of oil and gas distribution in the last few years which has been phenomenal—I do not know whether people realize how much domestic consumers have taken to using gas and oil—and the decline in consumption of coal by 50 per cent, the amount of coal mined in Nova Scotia last year increased over the previous year. We have given annual subventions to the coal industry of Nova Scotia and New Brunswick since we have been in office. Last year we gave nearly $14 million and in the estimates this year there is provision for the same amount. I wish the hon. member for Gloucester would get out his pencil, write down all these figures, add them up and see if they are not an indication of the interest that the government has taken in the welfare of the people of the maritime provinces.

Mr. Robichaud: Production is still going down.

Mr. Browne (St. John's West): I should like to refer to the amendment to the amendment moved by the hon. member for Burnaby-Coquitlam (Mr. Regier) and point out to him that the steel industry of Nova Scotia is one of the oldest industries in Canada. We in Newfoundland have a particular interest in the Nova Scotia steel industry. Many of our people work there. I suppose there are as many people from Newfoundland in Sydney and Glace Bay as there are from any other part of Canada. We supply the iron ore that is used in the manufacture of steel. We supply the limestone from Aguathuna in the Port au Port region of Newfoundland in the constituency of Humber-St. George's. We make a tremendous contribution to the manufacture of steel in Nova Scotia and therefore we are vitally interested in seing the steel industry of Nova Scotia retain and, if possible, increase its importance.

But the hon. member must know, as the Leader of the Opposition (Mr. Pearson) knows, that there has been a rapid expansion in the steel industry, notably at Sault Ste. Marie and Hamilton. Only this morning there was an item in the paper that the premier of Quebec had attended a ceremony yesterday to mark the coming into existence of a new mill for making steel pipe. The fact that there is such tremendous production of iron ore in the province of Quebec and also in the Labrador part of the province of Newfoundland and such cheap transportation from Seven Islands to the area below Montreal makes me believe quite strongly that a big steel industry is going to come into being in the province of Quebec. I believe that the prediction made by the premier of Quebec is going to be fulfilled.

Mr. Chevrier: It was made years ago.

Mr. Browne (St. John's West): Yes, but it does not lose anything in the repetition.

Mr. Chevrier: Perhaps not.

Mr. Pearson: It does not help Cape Breton very much.

Mr. Browne (St. John's West): It is coming to fruition now and I am sure the hon. member must wish it as much as I do.

Mr. Chevrier: I have been saying it was coming for years.

Mr. Browne (St. John's West): Despite the undoubted and tremendous progress in the steel industry, which was given great impetus last year because of the strike in the steel mills of the United States, we cannot possibly manufacture all the iron ore that we produce. We just cannot do it. Next year we will probably be producing 20 to 30 million tons in the Labrador-Quebec area alone. Then we have Bell island and Steep Rock and there are other mines coming into production in different parts of Canada. We must export ore. We should be grateful that we have near us in the New York-Pittsburgh area great steel mills that can take all the ore we can produce. This will mean employment for the miners and for those in the service enterprises who supply the workers, for the railways and the steamers that operate to bring the ore to this great steel market in the United States.

I find that all the C.C.F. members are nothing if not generous with money. The hon. member for Burnaby-Coquitlam said that his program would cost $500 million. His leader

doubled that and made it $1 billion. I say to the hon. member for Burnaby-Coquitlam, where would he get the $500 million in the first place and what would he do with it when he got it? He did not elaborate on that at all. He gets up, and his leader does the same, and with this offhand generosity distributes this money.

We have been criticized and badgered because of our few—no, I will not say few, I will say something else—because we had a deficit this year of $400 million. Last year, we had a bigger deficit. We are badgered, we are criticized and told we are not running things right. If we do not have a deficit, we have to increase taxes. This government could increase taxes and get the money to pay for these things. Who is in favour of increasing taxes?

An hon. Member: The C.C.F.

Mr. Browne (St. John's West): Yes, so long as they increase the taxes for somebody else. They have no interest in business. They are not in favour of private business at all. I do not want to get into that subject at all, but all they have to do is look at the United States, the richest country in the world, and think that the people achieved their tremendous prosperity through private enterprise. How they can seriously stand up for state ownership is more than I can understand. You can only have successful state ownership when you have communism as you have in Russia and the countries behind the iron curtain. The sooner those hon. members realize that—perhaps they do realize it—the better. He spoke about $500 million as a modest beginning. I suppose his leader has gone a step further and made it $1 billion, and if any other hon. members speak the whole revenue will be gone out in that sort of thing.

The hon. member for Bonavista-Twillingate had a good word to say about the financial assistance that we provided in 1958 for the Atlantic provinces. The hon. member for Gloucester and the hon. member for Northumberland-Miramichi (Mr. McWilliam) even damned it with faint praise. Well, they could not say anything else. This $7.5 million which is going to Nova Scotia, New Brunswick and Newfoundland and the $2.5 million for Prince Edward Island, making a total of $25 million, will be paid for four years. This will amount to $100 million in four years. These payments have been of tremendous importance to these provinces. We can hardly begin to think of all the benefits that have come to those provinces, in which there are only one and one-third million people, from the expenditure of $25 million a year.

Let me point this out—I do not know whether it is discouraging to the hon. member for Bonavista-Twillingate—several times the hon. member referred to the desirability of finishing the trans-Canada highway, especially in Newfoundland. His party had a program whereby the Liberals, if they had been elected, would build the trans-Canada highway. Let me point this out—

Mr. Pickersgill: That is not right; we would pay 90 per cent of the cost.

Mr. Browne (St. John's West): Ninety per cent of the cost. I am going to show the hon. member how the trans-Canada highway in Newfoundland could have been built twice over if the government of that province had been really a sensible government. In the first place, they put $30 million into secondary industries, with the help of German industrialists, most of which went down the drain and from which not one cent ever came back. After all, if $30 million had been spent on the trans-Canada highway, the trans-Canada highway would be an accomplished fact now.

Then, if the government of Newfoundland took the $7.5 million we have been giving them for the past two years, and will give them for the next two years, and spent that on the trans-Canada highway, we would have a trans-Canada highway by 1962. Then we would be able to talk about a tourist industry. The tourists do not want to go to a place where the roads are dusty when it is dry and muddy when it is wet. The tourists want to drive on good roads; that is the first essential for a tourist industry. This would have been a sensible and sound undertaking, and would have brought thousands of tourists to the province of Newfoundland. After all, this year in Newfoundland, this very month, we are celebrating the 350th anniversary of the first colony of the British empire. Three hundred and fifty years ago John Guy, an alderman from Bristol, came out to Newfoundland and made a settlement at Cupids. There was, thus, the first British colony at Conception bay 350 years ago.

This would have been a great time to have our trans-Canada highway. We have other places of historic interest such as cape Bonavista, the first place seen by John Cabot, and Placentia, where the French priests and the French soldiers lived at one time, as well as Ferryland. Both these latter places are in my own constituency. Newfoundland is a most interesting, and certainly the oldest part of Canada. Thousands of tourists, not only from Newfoundland but from the United States would be happy to visit Newfoundland if the trans-Canada highway were built.

I should like to speak of the assistance we have given to the Atlantic provinces for the

construction and improvement of their power projects. The previous government also dillied and dallied with this idea and did nothing about it. As the Minister of Veterans Affairs (Mr. Brooks) explained this afternoon—

Mr. Pickersgill: That is not correct.

Mr. Browne (St. John's West): Oh, they sent Mr. Howe down to officiate at the opening, but they gave no financial assistance to the Beechwood project. We lent them money to pay off debts at the bank that the government had incurred. We provided $13 million in the last three years for subventions on coal, partly used for the production of electricity. We have provided over $10 million for the building of steam power plants and the erection of transmission lines in Nova Scotia and New Brunswick. I do not know how many members are aware of this, but we made an offer to Newfoundland to build transmission lines from Bay d'Espoir to Grand Falls at a cost of $11 million and give the Newfoundland government 40 years in which to pay off this substantial loan. So, I think we have provided innumerable benefits to the Atlantic provinces.

People like my hon. friend from Burin-Burgeo seem to think there is something improper or indecent in talking about what the government has done to assist these provinces. When we are challenged like this there is nothing else for us to do except point out the things we have done. I have here a report of the power commission of New Brunswick for the year ending March 31, 1959. I should like to give two or three figures from this statement of their operations for the previous year. This statement shows that the kilowatt capacity at March 31, 1957 was 132,575 kilowatts; at the end of March, 1959, it had risen to 204,525, that is an increase of over 55 per cent. The total generation of kilowatts had increased from 606 million to 754 million, an increase of 25 per cent. The total energy distributed increased from 534 million to 676 million. There was a substantial increase in the sale of electrical energy in the province of New Brunswick. In a time of depression, that could not happen. The number of retail customers increased from 75,316 at the end of March, 1957 to 82,655, an increase of 7,300 in two years.

Mr. Speaker: Order; I am sorry to interrupt the minister but I must inform him that his time has expired.

Mr. Browne (St. John's West): Mr. Speaker, may I be permitted to add just one sentence?

Mr. Speaker: Does the house give unanimous consent?

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

Some hon. Members: Agreed.

Mr. Browne (St. John's West): There is just one sentence to which I wish to refer, a statement made by Mr. Arthur Johnson, president of APEC who said that the effect of this assistance to the Atlantic provinces resulted in a minimum saving of more than $60 million.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in rising to participate in this debate on the problems of the Atlantic provinces I feel an especial pleasure in following my friend the Minister without Portfolio (Mr. Browne) because, among other things, it gives me an opportunity to wish him well and send him our congratulations on his birthday. I do so with the greater pleasure because he is exactly ten days younger than I am and I hope that I look and act as youthful and vigorous as he does.

Mr. Speaker, we have been discussing this problem in a way which I think makes it quite clear, whatever side of the house we are on, that there is with us now and indeed there has been for a long time the problem of economic underdevelopment in this part of our country. The problem of the development of new areas, Arctic areas and others if you like, is an important one and we all want to see that proceeded with. But it is of equal if not of greater importance that we should redevelop those areas of Canada whose people have in the past contributed so much to our country but who have through no fault of their own been forced to lag behind in the march of national progress, perhaps so far as material things are concerned.

This need for redevelopment is great. It is a most urgent problem of public policy. There has been progress made in this respect in the last few decades but in spite of that progress average incomes in those parts of Canada are still well behind those in the rest of Canada. A wide and persistent gap remains and as long as it does remain it constitutes a strain, as it is bound to, on the kind of complete national unity we want. As long as it remains there is bound to be a regional problem.

The rate of economic progress in the three maritime provinces between 1926 and 1955—and I quote the figures of the Gordon commission on this point—show that personal income in constant dollars during that period—and it is a considerable period—increased by 94 per cent while in the six other provinces it increased by only 80 per cent. In other words the rate of increase was greater in the maritimes during those years but nevertheless in 1955 in that part of Canada personal income was 37 per cent below that

in the rest of the country and the average family income was 31 per cent below the rest of the country. Therefore a faster rate of growth is essential in the Atlantic provinces if the gap to which I referred is going to be closed and if those provinces are going to catch up with the rest of the country in economic and material development.

From 1956 to 1958 the figures show that that gap is not being closed. The per capita income in 1958 again in constant dollars was up, I will admit, in Newfoundland, Prince Edward Island and Nova Scotia but it was down in New Brunswick. The average income in 1958 as compared with the Canadian average as a whole was below the national average by $482. That is the average income in the Atlantic provinces compared with the average income in the country as a whole.

Although there has been some improvement over recent years there has not been enough improvement and the improvement such as it has been is largely due to transfer payments from the federal government; as has already been pointed out in this discussion. These payments account for nearly one quarter of the increase in personal per capita income in the maritime provinces since 1926. Indeed, in 1958, the last year for which I have figures, the transfer payments to the Atlantic provinces made up 16.3 per cent of the total personal income in the Atlantic area. Total personal income amounted in that year to $1,731 million of which $283 million came from transfer payments from the federal government.

These payments are useful and indeed they are essential to the welfare of those provinces. No one regrets for a minute that they should have been received especially in the Atlantic provinces which over the years have made their own transfer payments of another kind to the rest of Canada. We are all the beneficiaries of that kind of transfer, inside this house and outside of it. While no one regrets these payments and are glad they have been made something else is required to reduce this disproportionate reliance on government transfers. That something else, of course, must be new capital investment.

In so far as that kind of capital investment is taking place in the Atlantic provinces—and there have been examples of it given in this discussion—we all rejoice but notwithstanding the remarks just made by my hon. friend it has not happened in any significant way or to a degree that has had any significant effect in closing this gap. The official figures prove that.

In 1953 the proportion of Canada's total capital outlays made in the Atlantic region were 6.2 per cent. In 1960, the current year, investment intentions from the recent report of the department on that subject show that that figure is expected to be 6.4 per cent. That is very little increase indeed and not nearly enough to bring about the expansion which we all would like to see brought about. Indeed, there are signs that point to a weakening of industrial economy rather than an expansion such as is necessary to increase income and close the gap with the rest of Canada.

In Nova Scotia and New Brunswick between 1956 and 1959 industrial employment has decreased by 8.4 index points for New Brunswick and 5.4 index points for Nova Scotia. It is up in Newfoundland and Prince Edward Island but the base from which to advance there is a very low one indeed.

One feature that has been referred to by nearly every hon. member who has taken part in this debate and one which, notwithstanding what was said by the Minister of National Revenue (Mr. Nowlan) last night, must cause great anxiety is the declining coal production in Nova Scotia. In 1957 the monthly average production was 474,000 tons and in 1959 it was 365,000 tons. Total production for the year through which we have just passed was 4,380,000 tons although the Minister of National Revenue put on the record the figure of 5,806,000 tons which does not correspond with any official figures we have been able to secure. It would be interesting to find out where the hon. gentleman got that figure of production because it is not the figure that appears in the federal statistics nor the one given to the Rand commission by the Nova Scotia bureau of mines. The official figures show a decrease of 23 per cent or 1.3 million tons in this two-year period.

So, Mr. Speaker, notwithstanding certain hopeful signs there are indications that more will have to be done if this gap is to be filled. These signs do reflect a serious problem which we are presenting to this house in the motion before it. I suggest that development of the Atlantic region which is embodied in this motion is a main problem of public policy at this time, as it has indeed been a main subject of public pronouncements by the Prime Minister (Mr. Diefenbaker) and members of his government.

The Prime Minister talks a great deal about development. No one quarrels with the talk providing the facts justify the talk. But I ask, is this development occurring in the Atlantic provinces at this time? Basic to this development—and I refer to what the minister who has just sat down has said—is the situation in regard to power. On March

3 over the television network the Prime Minister has this to say on this matter. I am quoting his text:

The next point—

He was talking about development.

—was a ten-year plan for the development of thermal power plants in the Atlantic provinces. This has already been provided for by legislation. The Atlantic Provinces Power Development Act has been on the statute books for two years and has resulted in immediate savings of some $20 million in power costs to the provinces of Nova Scotia and New Brunswick.

Mr. Speaker, that figure of $20 million saving is grossly inaccurate and therefore misleading, I shall have no difficulty in showing that by the official figures which we have received from answers made by the minister himself to questions from this side of the house.

I wish I had time to trace the origins of this very important statute, the Atlantic Provinces Power Development Act, which is the foundation upon which power development will have to take place in the Atlantic provinces. The proposal for a power program for the Atlantic region in the form in which it was later implemented was made on March 4, 1957 by Mr. Harris in his budget speech. As some hon. members will remember, he then made an offer which would have provided for the construction and operation of thermal plants and transmission lines by the federal government; the rental of these lines and the sale of power at cost to provincial electric systems; and the acquisition of plants and other facilities by the provinces at any time on payment of their amortized cost. That proposal, as hon. members know, grew out of a carefully conducted study by the dominion coal board through Professor Christie of John Hopkins University. Later in that session the minister of northern affairs and national resources, Mr. Lesage, made it quite clear that in carrying out this program the government of the day intended to make coal competitive with oil in the construction of these thermal plants.

Mr. Speaker, all these ideas were embodied, with one important exception, and I think in the wrong direction, in the Atlantic Provinces Power Development Act which was introduced by this government and passed on, I think, January 15, 1958. So that this phase of so-called national development, the national development program, which on March 3 the Prime Minister claimed for himself and his government, was borrowed from Liberal proposals with one change, which I think was a change in the wrong direction. In piloting this bill through the House of Commons, the minister of northern affairs had this to say:

For the purposes of the two fiscal years now in contemplation,—

That is, the years 1957-58 and 1958-59.

—a total of $12,700,000 for construction of plants and transmission lines will certainly be required.

The minister then gave the house his vision of the future power construction program right up to 1967. This must be the ten-year program the Prime Minister was talking about in his broadcast, for Nova Scotia and New Brunswick. Relying presumably upon estimates which were prepared for him by the Montreal Engineering Company, in this program, as he put it before this house at that time, the present minister visualized two plants for New Brunswick and eight plants for Nova Scotia at a cost of about $105 million. That statement will be found at pages 3037 and 3038 of *Hansard* for January 8, 1958.

Now, Mr. Speaker, let us look at the realization of this particular vision. To date, for three, not for two years the money spent by the federal government on the power construction program—I get this information from *Hansard* from questions addressed to ministers—was $7,700,000, which is $5 million less than the minister forecast for two years. Yet the Minister of National Revenue—I am sorry he is not in his seat at the moment—said last night that $12 million had been spent already on this program. That statement appears in *Hansard* and I would like to know where he got that figure when his own colleague gave us a figure of $7.7 million. Of this $7.7 million, $5 million was spent on transmission lines and most of the rest on assisting the rehabilitation of the plant at Trenton in Nova Scotia.

For 1960-61, the current year, the estimates which have been laid before the house show that $4,900,000 have been appropriated for advances under this power act. That is less than last year. Yet the Minister of National Revenue said, as reported on page 3475 of *Hansard*, that in this current year $13 million had been pledged.

Mr. Browne (St. John's West): That is for subventions on coal.

Mr. Pearson: With great respect, that is not what the minister said last night. He was talking about advances under the act. If only $4.9 million is included in the estimates I would like to get the source from which the rest of it has been pledged. But even using the ministers own figures, they seem to me to be demonstrably inaccurate.

What about the $105 million program we were told about in 1958? What about the two thermal plants proposed for New Brunswick? One, of course, is being built and it should be of great assistance to the province. It is

at East Saint John but it is being financed by the provincial government without federal assistance. What about the eight proposed plants for Nova Scotia? There is not one new plant; but assistance, as I have already indicated, was given to increase the capacity of an existing plant at Trenton, Nova Scotia.

Therefore, Mr. Speaker, notwithstanding what has been previously said in this house and outside the house, no new thermal power plants are being built in the Atlantic provinces by the present government, and I ask why. The answer seems to me to be quite obvious. It is because no formula has been found by this government to provide for the burning of coal in these plants which the minister said was a condition for federal financial assistance. At the East Saint John, New Brunswick, plant the New Brunswick power commission claimed that oil would save half a million dollars a year. I am not criticizing this decision of the New Brunswick government in any respect because, under the circumstances, they perhaps had no alternative; and as the premier of New Brunswick made quite clear to the Rand commission, oil would be used. That decision, Mr. Speaker, underlines the weakness of the thermal power program put forward by this government.

It seems to me to underline the fact that our formula would have been a more satisfactory one for the Atlantic provinces, because we pledged ourselves as a government to make coal competitive with any other fuel in the production of electricity. That was made perfectly clear, and it was stated categorically by the former minister of public works—the minister from Nova Scotia—in June, 1957. Yet the Prime Minister will not give this house a similar assurance about the East Saint John thermal plant. The result is what we know.

In the face of this attitude, the Prime Minister now claims savings of $20 million in power costs to Nova Scotia and New Brunswick in two years. The Minister of Northern Affairs and National Resources (Mr. Hamilton) has given a figure which does not agree with the Prime Minister's. It is in excess of the actual figure, but he only claims some $9.5 million. We put some questions to the minister in order to ascertain the figures on this point as will be found on pages 2345 and 2346 of *Hansard* of March 23. According to the minister's answers, the figures were $7.71 million for capital construction and $1.88 million for assistance by way of subventions. That is a far cry from the $20 million mentioned by the Prime Minister in his broadcast. In any event, how can the minister call an advance of $7.71 million "immediate savings in power costs" when any such advances will be paid back by the provinces, plus interest and service charges. The minister himself boasted when speaking in the House of Commons on January 8, 1958, as may be found on page 3038 of *Hansard*:

> —the amounts of money expended on the construction program will all be refunded with interest, so that this phase of the program is self-liquidating.

Five days later the right hon. gentleman said the construction would involve "no loss whatever to the federal treasury". So the only economy that could possibly be effected is through borrowing from the federal government rather than elsewhere. When we tried to find out by questions where the money for subventions went, and did what we could to find out what savings were involved, we were not able to get that information; we were told it had all gone to the provincial power commission which acted as the agent of the federal government in this matter.

There is something else I should like to deal with, because it is of great importance to the development of the Atlantic provinces. It was touched on by my hon. friend who has just sat down, and it has to do with monetary policy and its effect on the development of the Atlantic region. This is a matter of intense interest to the provincial governments, an interest which has been stimulated and increased as a result of the tight money policy of the present government, and high interest rates.

Over the last two years the provincial governments of the Atlantic region, three of which are supposed to be on such friendly and co-operative terms with the federal government, have been trying at every possible opportunity to get the federal government at least to investigate the effect of monetary policy on regional development. They have pleaded more than once for a more flexible application of monetary policy, and some of them have suggested in their statements that perhaps there might be a differential rate of interest for the Atlantic provinces to take care of their needs. The Minister of Finance (Mr. Fleming) has stated categorically that this could not be done, and I am not going to quarrel with that financial opinion. Surely, however, there is no justification for the minister's refusal of the repeated requests of the premiers of the Atlantic provinces for an investigation of this matter. The evidence seems clear that the request has been made. The premiers, having found the Minister of Finance completely unresponsive, have decided to go it on their own, and the premier

of Nova Scotia, speaking recently in the house of assembly in Halifax, summed up the position by saying:

> We had come to the conclusion we could not make any progress in this field—make any progress with the Minister of Finance and his officials—by requesting that something be done, so we were convinced that we would have to document our request with the opinion of a recognized authority in this field.

In the face of this attitude of the Minister of Finance they have taken steps to investigate this matter on a provincial basis. Perhaps, as a result of that investigation, something worth while may be discovered. This is a matter surely, where the federal government could have co-operated when they were first asked to do so by the provincial governments.

I am not suggesting that the Minister of Finance should take any position at this time as to what might be done, but I do suggest—and my suggestion has been supported by the financial editor of the Montreal *Gazette*—that an investigation should be made. As the editor of the *Gazette* said—and I quote from his column which appeared, I think, on April 8, 1960:

> All (areas) are affected by the expansion or contraction of the money supply. What is wanted are measures which restrain those areas or those industries which require restraint without hurting those which do not.

Then, later:

> If it is impossible with present procedures, the maritimes not unreasonably argue, the procedures should be changed.

If the Atlantic provinces now feel that national monetary policy is being applied unfairly to them, not only, perhaps, in the sphere of interest rates but in the availability of money at a fixed rate for the Atlantic provinces; if they feel that—and they do feel it—that will add to their problems; it will add to the grievances of the area, and it is going to make the national application of monetary policy more difficult. I suggest, therefore, that the federal government should have co-operated wholeheartedly with the Atlantic provinces in the kind of examination which was sought. The considerations which I have just mentioned, together with a good many others, surely support the desirability of an inquiry to study this phase of monetary policy with the object of assessing the adverse effects on the Atlantic region of present monetary policy and, perhaps, to relieve any such adverse effects. A study of this kind in which the federal government participated together with the Atlantic provinces would surely have a better chance of making the most constructive kind of recommendations. If this is now to be done on a provincial basis, it could be better done on a joint co-operative basis.

Mr. Macdonnell: May I ask the hon. gentleman a question? I understood him to say that the maritime provinces were seeking an expert opinion which would support regional differences. Have they already secured such an opinion, or are they still seeking it?

Mr. Pearson: They asked a distinguished British economist, Sir Oliver Franks, to undertake the work but I understand through the press that he regretfully replied that he could not take on the job. They are, no doubt, trying to get an equally distinguished expert to do it in the hope that they may find some solution to this problem.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Pearson: I had been attempting to analyse some of the problems of the Atlantic region. I come now to the more important question, what to do about it. The arguments on that, in part at least, are found in the amendment, on which we shall shortly be voting, moved by the hon. member for Bonavista-Twillingate which calls for a comprehensive and planned program of federal assistance for the Atlantic provinces. The amendment then recites a number of elements which, in our view, ought to be considered at the earliest possible time as part of such a comprehensive and planned program. I emphasize the words "planned" and "comprehensive" as opposed to ad hoc, unrelated and temporary expedients.

This emphasis that I venture to place on planning and co-ordination received strong support from the Halifax *Chronicle-Herald* in an admirable discussion of Atlantic problems and plans in an article entitled "A Blueprint for Atlantic Advance". I might quote one sentence from that blueprint, Mr. Speaker:

> —ad hoc provisions ... do not provide the solution to the basic economic problem which confronts the Atlantic region of Canada with such magnitude today.

I know that to inaugurate any program of this kind the Canadian people as a whole would willingly accept obligations that might follow from such a program, provided that the public funds in question were spent constructively and in ways which would improve facilities and stimulate income and employment. My own view on this has been

made known already in this session, when I said that the wealthier parts of this country will have to accept obligations, perhaps in a way they have not in the past, to the economically weaker and less developed parts of the country and to help solve their special problems.

The Canso causeway is a prototype of this kind of planned, creative project. This program would require special capital assistance for the Atlantic provinces, a capital assistance program which should not be regarded in any sense as a handout but as a constructive method of balancing in that area what has been done in other regions of Canada. In fact, it would help balance at least, federal programs in other parts of Canada such as the St. Lawrence seaway and the trans-Canada pipe line which, when they are carried out—and some of them have been—will certainly help other regions more than they will help the Atlantic provinces.

Moreover, it seems to me it would be desirable to establish special administrative arrangements to operate such an Atlantic capital projects program. I should like to suggest for consideration that the industrial development bank should be used for this special regional purpose, even if it might require an amendment to the legislation setting up that bank.

Certainly the establishment of more secondary industries in the Atlantic provinces is essential, although we know in the past this has been hindered, first, by transportation costs and the difficulties arising from those costs and second, because of the fact that the market—although it is growing—is not big enough to absorb the present products of those regions. Because of the desirability of this new expansion we are obliged then to seek new means and not merely try to improve on the old methods that we have been following in the past.

Among the new means which we advocate in this amendment are the provision of fiscal incentives to encourage new industries to establish in areas where old industries are declining. This method would be fully justified in the coal areas of Nova Scotia for the purpose of easing the social and economic impact of changes, when they have to take place of reduced production, if it has to take place, and of cut-backs and of mine closures. Even if a solution—perhaps from the recommendations of the Rand commission—can be found that will increase or at least stabilize coal production, nevertheless it will remain essential to devise measures to expand and diversify employment opportunities not only in those coal areas but throughout the Atlantic provinces generally. That is why we make in our amendment two suggestions, namely the capital projects program which I mentioned, and the provision of fiscal incentives to new industries, which I think should be considered now by this government.

It would be wrong to rely entirely on accelerated development of existing resources or on stimulation of secondary industries. Great benefits to the Atlantic provinces would accrue economically from the discovery of entirely new and presently unknown resources, as was pointed out in the Gordon commission report a few years ago. That is a more long term endeavour, but it certainly in our view should not be neglected.

Therefore we advocate the intensification of federal activity in this field to complete our knowledge, which is not now complete, of the resources of the Atlantic area. As a party we made a policy statement on this matter in 1958 and perhaps I can put it on record. It is as follows:

> The Liberal party, with a view to accelerating the economic development of the Atlantic provinces stands for a policy of special federal effort to explore, survey, map, measure and make generally available up-to-date knowledge of the natural resources of the Atlantic provinces, so as to bring about speedier maximum use of the natural wealth of the Atlantic area, thereby raising the standard of prosperity in that part of Canada.

In addition, we attach at this time great importance to measures leading to a more efficient use of land. A principal cause of lower income levels is the relatively larger number of persons engaged in subsistence farming, fishing and logging. The low incomes prevailing in such subsistence occupations depress the average earnings in the whole area. A report attached to the Gordon commission, entitled "Some regional aspects of Canada's economic development" points out:

> If these sectors of the Atlantic regional economy are eliminated for purposes of calculation, the disparity in average annual earnings is lessened considerably . . . annual earnings in the primary aspects of farming, fishing and forestry were about 50 per cent of the Ontario average.

Therefore, a more efficient use of these basic land resources would be a direct method of increasing standards of living in that area; and I believe that the successful prosecution of this objective should receive much greater governmental attention than it has.

These are some of the things which we put in the amendment which is now before the house. Very often when we on this side speak we are asked the question from the other side, "what would you do?" Well these are the measures that we would support in

any program to strengthen the economy of the Atlantic provinces and improve income levels:

1. A capital projects program.

2. Fiscal incentives to stimulate private enterprise.

3. New efforts to discover new resources in the Atlantic provinces.

4. A more efficient use of land resources.

5. An inquiry into the regional effects of national, fiscal, monetary and economic policies.

6. Adjustments in freight rates and improvement of transportation facilities.

That is what we would do, Mr. Speaker.

Mr. Bell (Carleton): Why in 22 years did hon. gentlemen opposite do nothing?

Mr. Pearson: In 22 years we did a great many other things. The record stands and the record cannot be altered by the intervention of my hon. friend.

Some hon. Members: Oh, oh.

Some hon. Members: Hear, hear.

Mr. Speaker: Order.

Mr. Pearson: My hon. friends seem a little disturbed. Maybe they will be a little more disturbed when they have to vote.

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

Mr. Pickersgill: That is when it will hurt.

Mr. Speaker: Order. May I remind hon. members that the vote has not been called and the hon. gentleman who has the floor has not finished his speech.

Mr. Pearson: Mr. Speaker, I gave the figures for Atlantic provinces development and expansion from 1925 to 1955 this afternoon and from 1956 to 1959. When hon. gentlemen opposite ask, what would you do now, this is what we would do now, and I ask them how are they going to vote tonight?

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

Some hon. Members: Hear, hear.

Some hon. Members: Closure, closure, closure.

An hon. Member: A new form of closure.

Mr. Speaker: Order. I am sure hon. members do not want to prevent the Minister of Finance from using the few minutes remaining.

Some hon. Members: Oh, oh.

[Mr. Pearson.]

Hon. Donald Fleming (Minister of Finance): Mr. Speaker, everything that the Leader of the Opposition (Mr. Pearson) has said about what his party would like to do now is an indictment of what his party failed to do when in office. This has been, from the lips of the Leader of the Opposition, the most telling indictment of Liberal inaction, indifference and neglect of the Atlantic area when they were in office that we have yet heard in this house.

Mr. Pickersgill: What are you going to do?

Mr. Fleming (Eglinton): The Leader of the Opposition was asked a moment ago what he and his colleagues of the former administration had done in 22 years and he could not find an answer. I will help him, Mr. Speaker. I will tell him that in the 22 years that he and his colleagues were in office—

Mr. Martin (Essex East): We gave good government.

Mr. Fleming (Eglinton): —they did very little to meet the needs of the Atlantic area. The present government has done far more in three years than our predecessors did in all their 22 years in office.

Mr. Speaker: Order. It being 8.15 o'clock p.m. it is my duty, pursuant to section 4 (d) of Standing Order 56, to interrupt these proceedings and put forthwith the question on any amendment before the house.

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

YEAS

Messrs:

Argue	Martin (Timmins)
Fisher	Peters
Herridge	Regier
Howard	Winch—8.

NAYS

Messrs:

Aiken	Boivin
Aitken, Miss	Boulanger
Allard	Bourbonnais
Allmark	Bourdages
Anderson	Bourget
Asselin	Bourque
Badanai	Brassard (Lapointe)
Balcer	Brooks
Baldwin	Broome
Barrington	Browne (St. John's West)
Baskin	Browne (Vancouver-Kingsway)
Batten	Brunsden
Beech	Cadieu
Bell (Carleton)	Campbell (Lambton-Kent)
Bell (Saint John-Albert)	Campbell (Stormont)
Belzile	Cardin
Benidickson	Caron
Best	Carter
Bigg	
Bissonnette	

Casselman, Mrs.
Cathers
Chambers
Charlton
Chevrier
Chown
Churchill
Coates
Comtois
Cooper
Creaghan
Crestohl
Crouse
Danforth
Denis
Deschatelets
Dinsdale
Doucett
Drouin
Drysdale
Dubois
Dumas
English
Eudes
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Forbes
Forgie
Fortin
Fraser
Garland
Godin
Grafftey
Granger
Grenier
Grills
Habel
Hales
Halpenny
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Hellyer
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (The Battlefords)
Howe
Johnson
Jones
Jorgenson
Jung
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
Leduc
Legere
Lennard
Lessard
Loiselle
Macdonald (Kings)
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macnaughton
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McIlraith
McIntosh
McLennan
McMillan
McPhillips
McWilliam
Maloney
Mandziuk
Martel
Martin (Essex East)
Martineau
Martini
Matthews
Meunier
Michaud
Milligan
Mitchell
Monteith (Perth)
Monteith (Verdun)
Montgomery
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Murphy
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
Nugent
O'Hurley
Ormiston
Pallett
Parizeau
Pascoe
Payne
Pearson
Phillips
Pickersgill
Pigeon
Pugh
Racine
Rapp
Ratelle
Regnier
Ricard
Richard (Kamouraska)
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Robinson
Rogers
Rompre
Rouleau
Rowe
Simpson
Skoreyko
Slogan
Smallwood
Smith (Calgary South)
Smith (Simcoe North)
Smith (Winnipeg North)
Speakman
Spencer
Stanton
Starr
Stefanson
Stewart
Tardif
Tassé
Taylor
Thomas
Thrasher
Tremblay
Tucker
Villeneuve
Vivian
Walker
Webb
Webster
Weichel
White
Winkler
Wratten—211.

Division

Mr. Speaker: I declare the amendment to the amendment lost. The question is now on the amendment.

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

YEAS

Messrs:

Argue
Badanai
Batten
Benidickson
Boivin
Boulanger
Bourget
Bourque
Brassard (Lapointe)
Cardin
Caron
Carter
Chevrier
Crestohl
Denis
Deschatelets
Dumas
Eudes
Forgie
Garland
Godin
Granger
Habel
Hellyer
Herridge
Leduc
Lessard
Loiselle
Macnaughton
McIlraith
McMillan
McWilliam
Martin (Essex East)
Martin (Timmins)
Meunier
Michaud
Mitchell
Pearson
Peters
Pickersgill
Racine
Ratelle
Regier
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rouleau
Tardif
Tucker
Winch—51.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Allmark
Anderson
Asselin
Balcer
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Best
Bigg
Bissonnette
Bourbonnais
Bourdages
Brooks
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Casselman, Mrs.
Cathers
Chambers
Charlton
Chown
Churchill
Coates
Comtois
Cooper
Creaghan
Crouse
Danforth
Dinsdale
Doucett
Drouin

Suggested Increase in Housing Program

Drysdale
Dubois
English
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Forbes
Fortin
Fraser
Grafftey
Grenier
Grills
Hales
Halpenny
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (The Battlefords)
Howe
Johnson
Jones
Jorgenson
Jung
Keays
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lafreniere
Lahaye
Lambert
Legere
Lennard
Macdonald (Kings)
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McIntosh
McLennan
McPhillips
Maloney
Mandziuk
Martel
Martineau
Martini
Matthews
Milligan
Monteith (Perth)
Monteith (Verdun)
Montgomery
Morissette
Morris
Morton
Muir (Cape Breton North and Victoria)
Murphy
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
Nugent
O'Hurley
Ormiston
Pallett
Parizeau
Pascoe
Payne
Phillips
Pigeon
Pugh
Rapp
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Rowe
Simpson
Skoreyko
Slogan
Smallwood
Smith (Calgary South)
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Speakman
Spencer
Stanton
Starr
Stefanson
Stewart
Tassé
Taylor
Thomas
Thrasher
Tremblay
Villeneuve
Vivian
Walker
Webb
Webster
Weichel
White
Winkler
Wratten—166.

HOUSING—SUGGESTED INCREASE IN 1960 PROGRAM

Mr. J. R. Garland (Nipissing): I rise on a grievance. I should like to raise a matter which has caused widespread concern throughout the country during the past few weeks, and understandably so. I am referring to the situation caused by the apparent failure of the government's housing program for 1960.

[Mr. Speaker.]

When housing legislation came before us for discussion in this chamber in February and March of this year we were told by the minister responsible that the government planned to reduce housebuilding in 1960 as compared with 1959 and 1958. At that time the minister said the government's objective was 125,000 starts in 1960 as compared with 141,000 in 1959 and 164,000 in 1958. Some of us on this side of the house tried to point out that because of the tight money and high interest rates caused by government fiscal and monetary policy it would be unlikely that more than 100,000 starts would be made in 1960.

It is not my intention to repeat here arguments which were used at that time. It is common knowledge that the government, through its conversion loan of 1958 and its huge deficits, boosted interest rates to unprecedented levels for government borrowings which, in turn, boosted interest rates on all borrowing for building operations. The results of this policy, which led to higher interest rates, have had the effect of knocking the banks completely out of house building. Only 19 loans were made by the chartered banks in the first quarter of 1960 as compared with 3,327 in the first quarter of 1959. Government policy, resulting as it has in higher interest rates throughout the economy, has also had a most detrimental effect on lending for house building by the approved lenders—

Mr. Fleming (Eglinton): Would the hon. member permit a question? In view of what he has said about the reduced number of loans made by the chartered banks, may I ask if he would approve or propose that the present ceiling of 6 per cent on the interest chargeable by the banks, as imposed by the Bank Act, be raised with a view to inducing the banks to participate more largely in lending under the National Housing Act?

Mr. Garland: I am delighted to reply to the Minister of Finance. I certainly did not recommend such a course during the extensive debate on housing which took place in this house earlier this year, nor do I now.

Mr. Speaker: I wonder if before the hon. member goes further he would indicate the exact nature of the grievance which he is raising. I ask him to do so because we have had a debate in this house on Bill No. C-53, an act to amend the National Housing Act, which dealt in a fairly general way with the federal housing program, and I do not want the hon. member to initiate a grievance which might constitute a repetition of that debate.

I take it he has some specific grievance, or narrower point than was raised in the debate on the bill. If he would state what it is it would help to limit the scope of the debate.

Mr. Garland: Yes, I am referring to a situation which has become apparent since the debate on housing took place, namely the failure of the government in my opinion to carry out the will of parliament by using moneys already approved by this parliament for housing. It is a matter of degree, but I think my point is well taken and I should like to develop it.

Mr. Speaker: If I understand the hon. member correctly he is complaining about the administration of the act which was extended and amplified this session.

Mr. Garland: I should like to point out that in the first quarter of 1960 the approved lenders made 1,780 loans as compared with 5,881 loans in the first quarter of 1959. This represents a decrease of approximately 70 per cent. Under these circumstances it is understandable that housing starts were down at the end of the first quarter of this year in excess of 45 per cent in areas over 5,000. Then, to add insult to injury, we have the government's announced policy of reducing their direct lending in 1960 to only half the amount of direct lending done in 1959. Direct lending has been further curtailed, of course—

Mr. Walker: Mr. Speaker, would the hon. member be good enough to raise his voice as he makes his speech.

Mr. McIlraith: Strike above the belt.

Mr. Walker: I cannot hear a word he says. This may not be a matter of importance, but could he raise his voice so I can hear him?

Mr. Garland: I do not think that is an appropriate comment, Mr. Speaker, but I shall retain any comment for a future occasion. I was pointing out that the direct lending has been further curtailed by restrictions imposed by this government in respect of persons earning more than $5,000 per annum, with minor allowances depending upon the size of the family. In my opinion, this wage ceiling restriction is a gimmick developed to do two things: first, to create the impression that something is to be done for the little man; and, second, to make it more difficult for Canadians generally to qualify for a direct loan.

Actually the little man who really needs assistance will get precious little out of this government's 1960 housing program, a housing program which is deliberately restrictive and which can have only one effect, namely that of increasing the cost of housing.

In an earlier debate we covered the detrimental effect, particularly to the medium and lower wage earners, that these high interest rates are having on the cost of housing. Even under the National Housing Act it is estimated that at 6¾ per cent a house buyer will pay out more in interest than in principal on a 20-year mortgage for the first time since the National Housing Act came into existence.

Several weeks have passed since the housing debate took place. Results clearly show that the doubts expressed by some of us as to the adequacy of the government's housing program for 1960 were well founded. I feel sure this drastic fall-off in housing starts must concern all hon. members in this house. I find it difficult to understand the government's apparent determination to stick stubbornly to their announced policy of restricting housebuilding in 1960. There is widespread dissatisfaction with the present housing situation. It is now becoming abundantly clear with each passing month that the government must re-assess the situation. It must face up to the fact that its own fiscal and monetary policies over the past three years have contributed greatly to the present unsatisfactory situation. As a result, it must increase the amount of direct lending it is prepared to make this year beyond the announced $150 million to $175 million, which is only half the amount of direct lending done in 1959. Unless the government is prepared to increase the amount of direct lending, housing starts will fall well below 100,000 in 1960.

It is difficult to understand the government's thinking on this subject at the present time and their stubborn refusal to face up to the situation. This government must be aware of the beneficial effect house construction has on the entire economy. In fact, on this subject. I would like to refer to a statement made in this house on February 4, 1959, by the then minister of public works when he was dealing with the subject of employment resulting from house construction, as reported at page 684 of *Hansard*. He was referring to the completions in 1958, which numbered 146,686. I should like to quote what the minister had to say. These are the minister's words:

> As I pointed out, one of the main objectives was to help create employment by this housing policy. There can be no doubt but that housebuilding in 1958 has set the pace for all activities in Canada. It has been in the forefront of the economic activity in Canada. We estimate that during the year there were probably 200,000 man-years of employment provided by on-site construction alone. This means about 400,000 jobs because it takes about six months to build a home.
>
> Then, in addition, there have been all the jobs more remotely involved in the construction of housing units of various kinds. For example, there is the ground servicing of the land, the production, handling and transportation of building materials,

bringing the total to about 400,000 man-year jobs. There are, as well, the men employed in getting out the logs, lumbering, the making of furniture and the equipment which goes into a home.

The minister continued with a reference to a statement made at that time by the vice president of Simpson-Sears. He is quoted as saying:

That these new homes represent a potential demand for furnishings and equipment estimated at $1,700 to $2,000 per house.

Mr. Walker: I am not blaming the hon. member but I cannot hear a word he is saying. Usually he is so fluent and sonorous. Can he speak up?

Mr. Garland: I am reading from 1959 *Hansard*, a statement by the former minister of public works.

Mr. Walker: I am not complaining about what you are reading; I should like to hear what you are saying.

Mr. Speaker: May I suggest that with the leave of the house the hon. member could speak from the seat behind and he would then have a microphone in front of him. There is some difficulty in hearing him.

Mr. Martin (Essex East): Hon. gentlemen ought to keep quiet.

Mr. Garland: Mr. Speaker, in the light of this statement by a senior member of this government that the construction of 146,000 houses created 400,000 jobs, quite apart from the other businesses referred to such as the supplying of lumber, furniture, appliances and so forth, what possible justification can there be for this government to sit on its hands with hundreds of thousands of our people unemployed. Statistics show that in no field is there greater unemployment than among residential construction workers. Yet the government sits there day in and day out, like one of Dickens' characters, hoping that something will turn up.

All winter the Minister of Labour (Mr. Starr) kept telling us, "Do it now, don't wait for spring". A month ago, during the budget presentation, the Minister of Finance (Mr. Fleming) urged us, "Don't worry now, wait until spring". The time for action by this government in respect of the 1960 housing program is long overdue. Here we have the government, by its own statement, having within its power the ability to create an extra 200,000 jobs, and yet stubbornly refusing to do so.

Parliament has already approved $500 million for direct lending to bolster the housing program, yet this government refuses to act. Its refusal leaves one with only one conclusion, namely that they are holding the bulk of these millions approved by parliament to be poured into the economy prior to the next general election. This sort of action on the part of a national government, if true, is deplorable and certainly by their actions they are leaving themselves open to this criticism.

If there are other reasons why the government is refusing to use these dollars, let them come forward and say so. Actually, while they propose lending $150 million to $175 million this year, the government will be receiving an estimated $110 million in interest and mortgage payments. This means, of course, that while the fund is not a revolving one, the additional net lending proposed will be only $40 million to $65 million.

During the housing debate much was said about the 82,000 units carried over from last year which remained to be completed. The National House Builders Association release, as far back as April 4, estimated that no more than 10 per cent of the labour required to complete these 82,000 units remained to be done. It is obvious to all of us that loans being applied for now, with the usual administrative time lag, will not result in any real employment for several weeks or even months.

In view of these circumstances, I think the government should act now. With their many experts I am sure they are very much aware of the causes and results of this bogging down of house construction in 1960. In the light of present circumstances I think they should re-assess the situation at once and show the public that they are determined that the rate of house construction will be increased so as to ensure the provision of adequate housing for our people and to show the Canadian people that they, the government, are aware of the relationship between the number of Canadians unemployed and the rate of house construction in Canada.

There are many aspects of housing that could and perhaps should be dealt with at this time. There are internal problems within the industry itself which add to builders' costs and are simply passed along to the buyer. I believe the government has a responsibility to prevent violent fluctuations in the industry that result in a higher cost for houses. However, as I have indicated, we have had a rather extensive debate on housing earlier this year.

I will close by reminding hon. members that housing starts have averaged 138,000 yearly for the past five years. The government has set 125,000 as this year's objective. Results to date clearly indicate that this minimum objective of the government will not be met. The need for proper housing remains great among many of our people. Great quantities

of building materials lie waiting in inventory. Residential construction workers stand by unemployed and waiting. Surely the house construction industry and hundreds of thousands of our people do not have to stand by waiting for a sag in the Canadian economy that might have the effect of making more mortgage money available for houses. I believe that human need should have priority and I do not believe there is any justification for the government sitting around with almost $500 million up its sleeve while our unemployed walk the streets.

Mr. M. D. Morton (Davenport): Mr. Speaker, may I add a few words to what the hon. member has said with respect to housing. The grievance he has raised is that the activity of the housing industry across Canada has slackened, and I know that this has affected my riding particularly because many construction workers live in my riding and they are finding difficulty in obtaining employment. However, the grievance that the hon. member has raised is that the situation is entirely the fault of the government. I should like to raise the point that perhaps there is something more than the government involved.

Hon. members will recall that in 1957, when $250 million was available for housing under statutory provision, the Liberal government used only $100 million. There was still on the books at that time the right to use $150 million. At that time there was a slackening in the housing program across Canada and as a result there was unemployment in my riding. But what has happened since then? The government has pumped nine times as much money into the housing industry as a sort of primer to get the water flowing, so to speak, to get money flowing into housing programs.

Having spent that amount of money on housing and having increased the housing starts, it was hoped that the legitimate financial institutions across the country would assume their social obligations and get into the lending field. That did not happen. Today, with interest rates higher than they were before, these financial institutions are not supporting house construction by providing the mortgage money required. Is the government to blame for that?

Mr. McIlraith: Yes.

Mr. Morton: How? Interest rates have increased and they should find it more desirable to get into this field. If we are to say that the government is at fault, are we to say that from now on the government must assume direct responsibility for financing all housing construction throughout the country? If we have reached that stage in our country, it is a condemnation of private industry. I believe that these financial institutions have been developed for a purpose going beyond merely investing in government bonds and clipping the coupons.

Mr. Regier: Mr. Speaker, I should like to raise a point of order at this time. As I understand the rules, the grievance period is designed to afford an opportunity to speak to members who have grievances to lodge against the government. The hon. member—I know this has happened before but only on rare occasions—by occupying a part of the grievance period is in effect coming to the defence of the government, thereby denying the intent of the grievance period to other members of the house.

Mr. Fleming (Eglinton): On the point of order, Mr. Speaker, surely this is a most far fetched viewpoint. Under our rules, on a motion to resolve the house into committee of supply the grievance period lasts the entire two days, and it is surely a new exposition of the rules with regard to airing grievances that the speeches must all come from the opposition and that no opportunity should be given to the government side to reply. I would respectfully suggest, Mr. Speaker, that not only is there no merit in the point of order taken by the hon. member for Burnaby-Coquitlam but it is a blatant denial of the right of free speech to government supporters in the house.

Mr. Pickersgill: I should like to say a word on the point of order raised by the hon. member for Burnaby-Coquitlam. In the first place, I think the minister has completely perverted the statement that the hon. member made. There was no suggestion by the hon. member that any member anywhere in the house could not support a grievance or raise a grievance. In the British house members of parliament on the government side frequently do raise grievances against the government, and it might be a good thing if it happened here once in a while too.

Mr. Bell (Saint John-Albert): The hon. member for Acadia did so a while ago.

Mr. Pickersgill: The point is that it has always been a tradition of the house in the grievance period after the amendments have been dealt with for those people who wish to support a grievance to speak and then for a member of the government, not a supporter of the government, to reply. Since under the new rules two days are devoted to supply motions, I think the hon. member is quite right that this period after the

voting was designed for the airing of grievances and that it should not be preempted by hon. members making speeches in defence of the government.

Mr. Bell (Saint John-Albert): Another lecture.

Mr. Speaker: The practice in dealing with grievances after the amendments have been disposed of has been to speak to one grievance at a time, and I would not deny any member in the house the right to speak to the matter before the house. In recognizing an hon. member I do not know whether he is going to speak for or against the proposition. However, if he keeps on the same subject it seems to me he is within the rules and that a member who disagrees with the point of view raised by a member speaking to a grievance is just as much entitled to speak as any member who wants to support a grievance.

Mr. Morton: Thank you, Mr. Speaker. I have not had the long experience in the house that some hon. members across the way have had. I understood that the grievance raised had to do with housing, the fact that we have not had as many housing starts as in the past and the fact that there is more unemployment in the construction industry that we had envisaged. I had not realized in my short period in the house that all grievances had to be directed against the government rather than having to do with conditions that prevail. I might add that some private members, especially on the government side, have a grievance with respect to the attempt by certain members of the opposition to deny us the opportunity to speak if we want to.

Mr. Howard: What about your own whip?

Mr. Morton: Our own whip is not as difficult as some people in the opposition.

Mr. Howard: But he is difficult.

Mr. Morton: No, he is not. If I may get back to the grievance which was raised, I should like to emphasize my point that the government has been pouring more money into housing in the last two years than was done by the former administration. It has poured nine times as much into housing as the former government and yet when the government has withdrawn some support it finds that the ordinary lending institutions have not assumed their responsibility. When we find the government continually pouring large amounts of money into an industry, I think it is time we examined the situation instead of just saying this is another problem for the government. In so far as this and other problems are concerned, if somebody cannot solve them we all too frequently hear it said, let the government do it.

I think this problem goes deeper than that. We have seen the government pouring money into housing, but we have not been able to induce the regular lending institutions to enter the field and take their rightful place. I think the hon. member was quite right in raising this question. I merely point out that, in my opinion, something more than the government continually pouring money into housing is needed. We must get back where the lending institutions will perform the function for which they were organized.

Mr. M. W. Martin (Timmins): I should like to say a few words about this particular grievance. Before I make the remarks I had intended I should like to say that I am very pleased to find that the hon. member for Davenport (Mr. Morton) is finally recognizing there is something basically wrong with this society of ours, something which goes deeper than appears on the surface. I hope the hon. member will go a little bit further in his studies and come to the same conclusion I have in regard to this society of ours.

The grievance before the house at the present time has to do with the failure of the government to implement the provisions of the housing act which was passed in this house some few weeks ago. During the Easter recess I had an opportunity of visiting my riding and discussing this housing situation with a number of people. I must say that the present action, or total lack of action, on the part of the government is causing some concern. I found that this lack of action was spreading consternation amongst the builders in my riding. I talked with one builder who planned to construct 100 homes this year but because of the lack of available funds he has had to cancel the whole project.

Now some two or three weeks ago I had occasion in this house to read a letter from a disillusioned former supporter of this government. As I went around my riding during the last two or three weeks I found that there were quite a number of former supporters of this government who had joined the ranks of the disillusioned. Not too long ago I attended a meeting of the northeastern Ontario development association in which the civic leaders from all the northeastern parts of Ontario took part. They were meeting to try to find how they could develop that particular section of northern Ontario. They discussed various ways and means, but each and every amendment they discussed crashed on the same rocks. How was the money going to be made available? How were they going to get the money for the construction of

homes, for small industries and so forth? This is something that is very keenly felt in that area right now because for some 18 or 20 years the Porcupine camp was at a standstill. It has only been within the last two years or so that the camp has started to come alive. In fact, during the last two years there was more construction in the Timmins area than there had been in the previous 20 years.

Mr. Henderson: And under Conservative rule.

Mr. Martin (Timmins): Unfortunately this hope that came into being in that area has come to a sorry halt this year. Everybody with whom I talked wanted to know what the trouble was. They were of the opinion that $500 million had been made available for housing and wanted to know why that money was not available. When I told them that the government's stated intention was to use only a very small portion of that money they asked the same question that I asked in the house. Unfortunately, whether or not it was for the same reason, they did not get an answer. I did not know the answer because I was not able to find out in the house.

I would suggest, and this is just my personal opinion as a result of talking to a number of people over the last few weeks, that if the government does not care about the public or about the unemployed in this particular field, then they had better start to care about their own future. This unfortunate situation in the construction field seems to have started the moment the former minister of public works left that office. I do not know whether or not there is any connection between the two events. It seemed, when the present Secretary of State for External Affairs (Mr. Green) was minister of public works he was the only minister in the cabinet who was really doing a job. When we take a good look at the housing situation today, even though the international situation may be serious, I think that for the good of this country we had better call him back to his job at public works.

Mr. R. M. T. McDonald (Hamilton South): I should like to make a few comments on this grievance. I cannot agree with the Liberal or C.C.F. members, but there is one point upon which I must commend the Minister of Public Works (Mr. Walker). I refer to limited dividend mortgage money. Some few years ago the Liberal party started this Liberal dividend provision and from 1946 to 1957 they put $58 million into limited dividend projects. From June 10, 1957 until December 31, 1959 this government put $115 million into this market, and I think they should be commended for their action.

Suggested Increase in Housing Program

However, I am a little disturbed at the amount of loans that Central Mortgage and Housing Corporation is allowing private enterprise in their efforts to help the people in the income bracket below $3,600 to finance housing projects. Before the private investor had to put up 10 per cent of his own money and the government provided the remaining 90 per cent. The private investor was allowed to make 5 per cent on his money. A lot of private lenders went into this type of project, even though they might have purchased government bonds. They were shouldering their responsibilities. I would hope the Minister of Public Works would look at this provision a little more closely in the future. In 1957 the minister of finance, Walter Harris, had a little report on housing and I should like to quote from that report:

> Housing construction is expected to drop fairly markedly below the high levels of the two previous years.

This statement was made just before the election and the two cups of coffee budget. We did not hear of the great Liberal party pouring money into the housing market to help the builders of the country. If this government had not put $150 million into the housing market in July, 1957, 75 per cent of the small builders in this country would have been bankrupt. It was the direct responsibility of the Liberal party before the budget of March, 1957 when they knew the condition of the housing industry in the country and failed to meet their responsibility. They must accept the responsibility for their failure to take action.

This government has done a lot in the housing field in the past three years and more remains to be done.

Mr. Speaker: In view of the fact that the hon. member is dealing with the past, may I remind the house that this is a narrow subject with which we are dealing. This grievance relates to the administration of the housing act passed and amended by parliament this year. It does not deal with the past but with the present, as I understand the grievance. I think more hon. members will have an opportunity to speak if the discussion is kept to that narrow range.

Mr. McDonald (Hamilton South): Thank you for calling me to order, Mr. Speaker. I hope I can get back on the track. This government raised the amount of insured N.H.A. moneys from $4 million to $6 million. Unlike the hon. member for Davenport (Mr. Morton) I am a little concerned about the inactivity of the lending institutions in the country who make available money at 6¾ per cent. It is all well and good, as indicated before, to say that they can collect bonds and get quite

a bit of money, but it is the people's money that the banks and lending institutions have. It is up to them to take a long range view at future housing and construction in Canada. I think it is about time they shouldered a little bit more responsibility in this field.

When speaking in this house a few months ago on the subject of housing I indicated that the government should get out of the direct lending business. I feel this is something the government should do in a long range program. They should stay in the field of insured N.H.A. lending but it is the responsibility of banks, trust companies and other financial institutions in a private enterprise system to be active in direct lending. I do not say the government should get out of this type of business immediately but should stay in it until the rough period is over and then get out. The lending institutions should take a longer ranged view and possibly shoulder their responsibilities more adequately.

I think that the present Minister of Public Works is attempting to meet his responsibilities squarely. I know that I have had complaints, but then we have complaints about everything. I have no doubt that hon. members opposite received complaints too when they sat on the government side of the house. I believe that the minister has put forward a direct policy. I am sure he has not had too many complaints because the people have accepted this. The builders are in a bad way, it is true, but it is due to the high cost of land and the lack of services. One could name a thousand other reasons. I am sure that the minister and this government will take the proper action that is necessary to help the Canadian housing industry and will not do what the Liberals did in March of 1957.

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, among the many grievances which the Canadian people have against the present government undoubtedly one of the most fiercely debated throughout the country is the present administration of the housing act. As you stated, Mr. Speaker, we recently amended this act and following these amendments regulations were passed and directions given as to the future administration of the legislation.

Throughout Canada and more specifically in my area of northern Canada it has been found that the administration of the act works a hardship in many cases. If there was ever a project which had social significance in this country it was the housing project promoted by the former government over a period of many years. The hon. member for Nipissing (Mr. Garland) has adduced enlightening statistics which indicate that home construction has been reduced by 45 per cent under the administration of the present government. This is due to many causes but the fault rests primarily with the government. The reasons arise in large part from the regulations put into effect following the amendments of 1960.

Another reason why this grievance is exceedingly important to the people of Canada is because the unemployment situation has been aggravated by and reflects a falling off of residential home construction. This has affected my area wherein we have prosperous mines. Unemployment there has doubled between March of 1958 and March of 1960. I dare say that approximately 80 per cent of those who find themselves in the doubled numbers of unemployed in my area were employed in the construction industry. Construction activity in northern Ontario has decreased at a serious rate.

For the two reasons I have advanced I am sure that the Minister of Labour (Mr. Starr) and the government as a whole will listen to the voices of hon. members who have spoken in this debate and will bring about certain changes in the recently imposed regulations which have brought about the disaster to which I referred. I am not alone in drawing this matter to the attention of the government. This trend has been observed and commented upon by several hon. members and many alert citizens.

I would like to quote from a newspaper article containing a report of a recent meeting between northern Ontario municipalities to discuss this grave problem of home construction and its effect on the economic situation of various areas. Unfortunately the article happened to be written in French but of course with the translation system with which we are favoured all hon. members will be able to follow. This article appeared in the newspaper *Le Devoir* and reads:

(Translation):

Allow me to quote from an article which appeared in *Le Droit* for April 29, under the following heading:

Sudbury files the same application as Kapuskasing.

And the article goes on to say:

Unless certain changes are made in the National Housing Act, heavy losses are in the offing for the building industry in the Sudbury area.

Tuesday night, the Sudbury city council unanimously passed a resolution urging the federal government to raise by $1,000 the salary ceiling for qualifying for mortgage loans through Central Mortgage and Housing Corporation.

(Text):

This action by members of municipalities in northern Ontario clearly illustrates the impasse which the housing industry has

reached there. Housing has been reduced by 45 per cent. The statistics reveal drastic declines. I am sure this government will assume some responsibility in this important field and give an incentive to the housing industry.

One problem created by the new regulations is the maximum salary figure of $5,000 in relation to obtaining direct loans. Miners are confronted with a problem with respect to the bonuses they receive from time to time. These bonuses vary greatly in relation to certain jobs in the mining industry. A miner therefore has to report that he receives a variable income which will fluctuate widely from year to year.

In the mining industry you have workers in the mines and smelters. Let us assume that a smelter worker earning between $4,400 and $4,500 obtains a loan from this government assist in securing a home for himself and his family. But a miner, a mucker as we call him in the district of Sudbury, who works just a few miles away and who is considered for every purpose on the same social level as the furnace puncher or smelter man, if he is making $5,100 he cannot obtain from the government the service which his fellow workers can obtain. That is because his pay is slightly more than the others, possibly because his work is more dangerous or is heavier. We have set ways and means to enable a person in this country to obtain the service of this government at a figure of $5,000, and I say this is wrong.

Further, I realize that we have been called repeaters, but for 15 or 20 years it has been repeated to me that the cost of living in northern Ontario is higher than elsewhere. That is true because of the cost of transportation of materials and goods, and it is also true for other various reasons. The cost of public works is much more in northern Ontario than in other places in Canada and the province of Ontario because the cost of living is much higher. Therefore the pay must follow the cost of living in some way and we find a rather fair rate of wages in northern Ontario. So that this system of using a level of $5,000 creates a situation in this province and elsewhere in Canada where the salary of a regional director of a company of some major store, for instance, in one area is, say, $4,800 and therefore this person under the regulations can obtain a service from the government which provides a loan so he can build a home. In my riding a worker, not a district manager of a store but a worker, cannot get a loan under the regulations of this government and for this reason it is obvious he has a grievance owing to the most harsh and difficult situation in the area I represent.

Suggested Increase in Housing Program

We have seen other statutes being administered with variations from area to area. We see this in the laws of the federal government and in the industrial standards act of the province of Ontario where minimum wages are zoned by areas. The minimum standards act of Ontario does not declare the same minimum wage for northern Ontario as it does for some other sections of that province.

To be fair to all these people in Canada who are on the same social level but possibly do not receive the same pay cheque on Saturdays on account of the region in which they live and on account of the cost of living in their respective area, I would like to say that they find themselves in a position where they cannot obtain this government service and that they have a clear grievance against this government. The government has introduced an absolute arbitrary figure with which they distinguish between the citizens who can obtain the service of this government and the citizens who can not. In taking such an arbitrary figure they have created in my area especially, great disadvantages.

I have a letter here which I think should convince the Minister of Public Works (Mr. Walker). I have received information through a letter which is in the form of a petition. It is not from an ordinary citizen in my riding but it comes through the committee of the unemployment insurance commission in my area. Hon. members know that the unemployment insurance commission has a committee which studies ways and means of putting men to work. Here we have this government after passing this new legislation being criticized by sections of the administration of this country and by sections of the unemployment insurance commission, the committee of which meets with laymen to discuss ways and means of putting men to work. I would like to quote a paragraph of this letter for the benefit of the Minister of Public Works. The letter is on the letterhead of the unemployment insurance commission, national employment service, and the address is 152 Elm street east, Sudbury, Ontario. Apparently they had passed a resolution at the meeting of this committee, and one paragraph of this letter reads as follows:

> —to petition the federal government to eliminate the premium and bonus factors from the maximum income level required to qualify for Central Mortgage and Housing Corporation loans and that they consider basic pay only.

I am sure the Minister of Public Works has received many directions or demands similar to this one.

As I sit down, Mr. Speaker, I trust that this government through the Minister of

Suggested Increase in Housing Program

Public Works will immediately consider the plea of the people of my area and the people of northern Ontario, and all the people in these other regions who are definitely faced with a problem to meet this arbitrary figure to enable them to obtain the services of this government, and if the government would sit down and consider the falling statistics relating to housing in Canada and the rising statistics relating to unemployment they would bring about remedies to eliminate this arbitrary legislation which they have placed in the administration of this country.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I have ten minutes in which to reply and I would like to say in reply to the hon. member for Nipissing (Mr. Garland) that his figures do not include any loans made by Central Mortgage and Housing Corporation because they covered the first three months of the year, and as such of course they are greatly down on the average for last year. If the Central Mortgage and Housing Corporation loans had been included in the estimate of 73,000 starts for the year 1960, then we would have had 15,000 more starts added to that. If the areas under 5,000 population had been taken into consideration we would have had average figures of 125,000 starts for this year.

I do appreciate what hon. members have said, that there are a great many aggravating situations resulting from the necessity of placing a ceiling on the loans; in other words, to determine by income those who will get loans. But let me first deal very briefly with unemployment. I can assure you that so far our housing policy has done nothing but improve the situation of employment. At the beginning of this year there were 82,000 homes in the process of construction, and as the hon. member will see by looking at the figures, the highlights, up to the end of March there were 22,000 homes completed in the dominion all of which created employment. Employment will fall off so far as home building is concerned pretty soon, but in the meantime the predictions are, according to one of the most authoritative journals, the Canadian Bank of Commerce journal, that the only significant decline in construction this year would seem to be that of housing. Other construction, as we have heard predicted, could be substantially up.

It is a very easy thing to keep on pumping one third of a billion dollars a year into the economy. I would be a popular minister with the hon. member for Timmins (Mr. Martin) if I repeated that performance every year. We have pumped into housing in less than three years nearly $1 billion with the result that we made the market a most difficult market in which to borrow money because of the tremendous borrowings necessary to finance housing. In other words, we helped to spoil the lending market. In addition to this, we are now out of the recession and on our way back to prosperity and, as hon. members will see as the weeks go by, unemployment figures will go down in a very radical way. Therefore, where would we find help in the event of another recession?

We should not be able to go back to housing in the same way as we could in 1957. If there was ever a year, as we come out of the recession and as the construction figures in every other part of our economy go up, this is the year to cut back on our housing. I admit that I share the disappointment of other hon. members that the banks have not participated in the program. Last year we had 15,000 loans from this source; this year, so far, they have not provided 25 loans. Of course, the figure of 15,000 was for the whole of the year. However, we have put the question to hon. members of the opposition: would you allow the interest rate to be raised to 6¾ per cent in order to bring the banks back into this field? The answer has always been, no. Therefore this is a situation which it is difficult to improve on.

Mr. McIlraith: Would the hon. gentleman permit a question?

Mr. Walker: At the end of my speech.

The builders have not had any loans thus far from us. Never in the years 1958, or 1959, have the builders received anything by way of loans from the government of Canada except by way of winter works loans, and that does not happen until the fall. Thus the complaint that the builders are not getting money from us in the spring is not well founded.

It is true we have cut our program from $337 million to $175 million which will enable us to have between 17,000 and 18,000 starts. So great is the demand for direct government loans that we have been forced to find some way of letting out these loans, and the fairest way is to help those who need help most, namely the man of small income and his family. Even with a ceiling of $5,000 for the ordinary man with two children, $5,200 for the man with three children, $5,400 for the man with four children and $5,600 for the man with five children, we are going to have a hard time making this $175 million last. The demand for loans from us is tremendous. We were only open for business from April 6, but we have already received 2,000 applications, and it is going to be difficult to make the

money last to the end of the year. If we were to raise the ceiling to $6,000—and no one would like that better than I would; I hate to hear complaints from the hon. member from Nickel Belt (Mr. Godin) and other members, because I know perfectly well that because of the necessity of letting our money out in this limited way certain people are suffering—if we were to raise this ceiling to $6,000 at the present time we would run out of money by the end of June, because it is a fact that the banks are not in this program.

Mr. Godin: Would the hon. gentleman permit a question?

Mr. Walker: When I am through. The banks are not in it. They have completely dropped out, and the approved lenders have been very slow in getting in. However, we expect that the conventional lenders will be back just as they were before, and it will please hon. members to know that although I cannot be exact about anything I am going to suggest that the figures I gave several months ago will, even without the banks, be almost achieved this year; that is 85,000 conventional loans or non-N.H.A. loans; 20,000 loans from approved lenders, because as the weeks go by the approved lenders are getting back into the market and we are still hopeful we shall get 20,000 starts from the approved lenders. Thus one arrives at a figure of 105,000 starts. Added to that there are 15,000 starts by way of direct housing loans, and 3,000 starts on limited dividend projects, making another 18,000 and completing a total for this year of 123,000 as compared with my earlier prediction of 125,000.

So to my friends of faint hope may I say: consider, with us, the problem we have to face. Do hon. members opposite want the government to go on lending one third of a billion dollars a year, bearing in mind the difficulty there is in getting money and the fact that money raised by the government means the exclusion of other people from the means of borrowing? We are trying to do the best we can. We are trying to hand out our money to the people who need it most, and if we had more money we would lend it to people in higher income brackets. Let us not be fainthearted. The approved lenders who did not have this matter to consider until the spring are now getting back into the market. For our part we are going to lend every cent we have to those people with incomes of $5,000 or less, and before the end of the year hon. members may be better pleased than they are at the present time. I can also predict that the construction figures in which we are all so vitally interested will be as high, if not higher than in any other commensurable year with respect to everything else except housing, and that will take up some of the slack which the slight falling off in housing may cause.

Mr. Godin: Will the hon. gentleman permit a question? In stating that he would like to be fair, has the minister given any consideration to establishing a scale for maximum earnings which would vary according to areas and in that way be definitely fair?

Mr. Walker: That is a very good suggestion. There is a very great variation, particularly in the Nickel Belt where they get such big bonuses. We would like to help them there, and we are saying to the approved lenders: it is your duty to lend up there; you cannot lose; these are wonderful people; you get 6¾ per cent on the aggregate loan; it is a sure thing. We anticipate that the approved lenders will do business in the hon. member's area and make more loans. At the present time while we have this policy we are bound to take care of the people whose income is $5,000 or less. Does that answer the question?

Mr. Garland: Would the minister permit a further question? I was wondering on what basis he gives the house the figure of 85,000 starts outside N.H.A. lending. What figures has he to substantiate that estimate?

Mr. Walker: The figures we had last year, what we called conventional loans. Conventional loans are money that comes from all other sources—85,000—and we thought that will be reached again this year, particularly since the banks are out of the market. They made possible 15,000 starts at a reduced rate, and surely the conventional lenders at 7¼ per cent and so on will be able to take up a great deal of the bank slack. We might have more than 85,000, but I cannot anticipate that.

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

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF LABOUR

General administration—

164. Departmental administration, including a grant of $10,000 to Frontier College and the expenses of the international labour conferences, $1,118,255.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Departmental administration—

187. Administration, operation and maintenance, $860,962.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

258. General administration, $4,807,852.

Proceedings reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader of the house what the business is to be tomorrow and the rest of the week?

Mr. Churchill: For tomorrow, Mr. Speaker, a continuation of the debate on second reading of Bill No. C-56, to amend the Federal-Provincial Tax-Sharing Arrangements Act, followed by the budget resolutions, followed by the estimates of the Department of Agriculture, which will be called first on Friday.

Mr. Chevrier: Then, we will be on Bill No. C-56 tomorrow and Thursday unless it is completed, and then we will go on to the budget resolutions.

Mr. Churchill: That is right.

Mr. Winch: Can the house leader give us any information yet as to when the promised day is going to be forthcoming for a continuation of the debate on the abolition of capital punishment?

Mr. Churchill: I cannot give that date tonight, but I will as soon as a decision has been reached.

At 10.02 o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

Questions

D.B.S. LISTING OF RETAIL SALES, ATLANTIC PROVINCES

Question No. 307—**Mr. McWilliam:**

1. Does the dominion bureau of statistics list the Atlantic provinces separately in connection with estimates of retail sales for intercensal periods?
2. If not, does the department intend to list these provinces separately?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1 and 2. Yes. The dominion bureau of statistics publishes separate estimates of retail sales for each Atlantic province. Publication began for such separate estimates in 1957 on an annual basis. Publication of monthly estimates began in January 1960. Estimates are given for total retail sales and for retail trade groups where information can be released under the terms of the Statistics Act.

Questions

NATIONAL DEFENCE EXPENDITURES, 1959-60

Question No. 348—**Mr. Benidickson:**

Of the estimated expenditures of $1,505.7 million for the Department of National Defence for 1959-60, what were the estimated expenditures for: (a) military personnel costs; (b) operation and maintenance; (c) procurement of equipment; (d) construction; (e) contributions to infrastructure and NATO budgets?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

While the figure quoted in this question appeared in the budget papers tabled on March 30, 1960, a more recent forecast of DND expenditures for the fiscal year 1959-60 is now available:

	1959-60 expenditures
Military personnel costs	$ 549,769,000
Operations and maintenance	591,974,000
Procurement of equipment	260,409,000
Construction	85,600,000
Contributions to infrastructure and NATO budgets	12,900,000
	$1,500,652,000

79951-0—223½

HOUSE OF COMMONS

Wednesday, May 4, 1960

The house met at 2.30 p.m.

PRIVILEGE

MR. HOWARD—REFERENCE TO ARTICLE IN OTTAWA "CITIZEN"

Mr. Frank Howard (Skeena): I should like to raise a question of privilege relating to an article in the Ottawa *Citizen* under date of May 3, and in the column entitled "Parliament" by Norman Campbell and Greg Connolley. One of the paragraphs relating to the question of divorce reads as follows:

Current C.C.F. blockade of divorce bills will continue perhaps for a while yet but the stalling of these bills will be called off before the session ends.

I should like to point out that this is not in accordance with the facts, Mr. Speaker.

STARRED QUESTIONS

D.E.W. LINE—HELICOPTER CONTRACTS

Question No. 133—**Mr. Chevrier:**

What aircraft companies had contracts to fly helicopters in connection with the construction and supply of the D.E.W. line?

Hon. George H. Hees (Minister of Transport): The contracts involved were either contracts with the United States military authorities or with contractors employed by the United States military authorities, and were not Canadian government contracts. However, it is my understanding that both Kenting Helicopters and Okanagan Helicopters were employed in this connection.

AUTAIR HELICOPTER SERVICES—FINANCIAL RESPONSIBILITY

Question No. 134—**Mr. Chevrier:**

Is Autair Helicopter Services Limited flying aircraft without having filed proof of financial responsibility with the air transport board?

Hon. George H. Hees (Minister of Transport): On April 13 the hon. member for Bonavista-Twillingate (Mr. Pickersgill) directed a specific inquiry to me regarding the subject matter of this question. I dealt with the matter fully, and as the hon. member for Laurier was in the house at the time I can only assume the particular question and answer have slipped his memory. Accordingly I would refer him to page 3199 of *Hansard* of the above date.

MOTIONS FOR PAPERS

DISALLOWANCE OF LABOUR LEGISLATION, NFLD.

Motion No. 93—**Mr. Winch:**

For a copy of all correspondence, telegrams and other documents exchanged, during the past 12 months, between the federal government, or any agency or branch thereof, and the province of Newfoundland, dealing with disallowance or otherwise of labour legislation passed by the legislature of Newfoundland; together with any order in council disposing of the matter, and a copy of any report by the Minister of Justice on which such order was based.

He said: This motion has been reworded in accordance with your request, Mr. Speaker, as a result of our discussion the other day.

Hon. E. D. Fulton (Minister of Justice): Yes. This motion is acceptable, subject to the usual understanding that the government of the province of Newfoundland be approached in order to see whether they have any objection to tabling the intergovernmental correspondence.

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

Motion agreed to.

SECTION 64, INDUSTRIAL RELATIONS AND DISPUTES INVESTIGATION ACT

Motion No. 95—**Mr. Howard:**

For a copy of all orders in council made since January 1, 1950, which altered the remuneration payable under section 64 of the Industrial Relations and Disputes Investigation Act.

Hon. Michael Starr (Minister of Labour): This motion is acceptable, Mr. Speaker.

Motion agreed to.

COMMONWEALTH RELATIONS

REPORTED STATEMENTS ON APARTHEID BY PRIME MINISTER AND SOUTH AFRICAN REPRESENTATIVE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask a question of the Acting Prime Minister. I am sorry I was not able to give him notice of this question, information concerning which came to my attention just at one o'clock. I should like to ask whether he can resolve the apparent contradiction between the statement attributed to the Prime Minister (Mr. Diefenbaker) in London that he had made clear yesterday to Mr. Louw, the South African

representative at the conference, the views of Canada with regard to apartheid, and the statement attributed to Mr. Louw today in reply to a question at a press conference that he did not hear the Canadian views from the Canadian Prime Minister.

Hon. Donald M. Fleming (Acting Prime Minister): I am not aware of the press statement attributed to Mr. Louw, but I shall be glad to make inquiries with regard to it. If the Prime Minister was correctly reported I am perfectly sure his statement is incontestable.

Mr. Robichaud: It depends on what minister it is.

ATOMIC ENERGY

NUCLEAR TESTS—REPORTED AGREEMENT RESPECTING UNDERGROUND EXPLOSIONS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wish to direct a question to the Acting Prime Minister or perhaps more appropriately to the Acting Secretary of State for External Affairs. Has the minister anything to report or any comment to make on the extremely hopeful report from Geneva that Russia agreed today to participate with Britain and the United States in a strictly limited number of joint underground nuclear tests in order to perfect a system for detecting such explosions?

Hon. E. D. Fulton (Acting Secretary of State for External Affairs): I do not think there is any comment I can make at this time except to say that we are encouraged by the reports that have been received. If after studying the context of the communiques I find that there appears to be anything further I should convey to the house, I shall be glad to do it.

ROYAL CANADIAN NAVY

CONGRATULATIONS ON FIFTIETH ANNIVERSARY

On the orders of the day:

Mr. E. L. Morris (Halifax): In the absence from the chamber of the Minister of National Defence (Mr. Pearkes) and the Associate Minister of National Defence (Mr. Sevigny), may I ask the parliamentary secretary whether, on the 50th anniversary today of the establishment of the Royal Canadian Navy, he has a message of congratulation for the gallant men and ships of the fleet?

Mr. Egan Chambers (Parliamentary Secretary to the Minister of National Defence): The minister is attending ceremonies on the west coast in connection with this anniversary.

Fifty years ago today royal assent was given to the naval service bill after one of the more memorable debates in the history of this house. This was one more step in Canada's emergence as an independent nation ready to take her share of the responsibilities that devolve upon nations. Canadian seamen and Canadian ships fought gallantly in two world wars and in Korea. Today the Royal Canadian Navy, with a strength of 20,000 men and women and 62 warships, is stronger than ever before in peacetime. This strength is employed today, as it always has been, in the preservation of peace and freedom.

Mr. Speaker, I know that hon. members would like to join me in paying tribute to the officers and men of today's Royal Canadian Navy, and to those who have gone before them.

Some hon. Members: Hear, hear.

NORTHERN AFFAIRS

REQUEST FOR OPENING OF TOURIST OFFICE IN SAN FRANCISCO, CAL.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Northern Affairs and National Resources. This question I raise is important to the tourist council of British Columbia, chambers of commerce and others because of the nearness of summer.

In view of the need for the widest possible dissemination of information in the United States with respect to the recreational opportunities provided in Canada for tourists, and in view of the representations made to the minister by the British Columbia tourist council urging the establishment of a Canadian government tourist office in San Francisco, would the minister inform the house whether it is the government's intention to establish a Canadian government tourist office in San Francisco?

Hon. Alvin Hamilton (Minister of Northern Affairs and Natural Resources): Mr. Speaker, I want to thank the hon. member for giving me notice of his intention to ask this question. At the present time there are government tourist offices in the cities of Chicago and New York. The proposal to set up an office in San Francisco was made in the standing committee on mines, forests and waters of last year, along with recommendations for facilities in three other cities. The government looked at all these recommendations and did accept the proposition that increased efforts had to be made to attract tourists from the United States into Canada, and therefore increased the amount of money available to this branch of the department.

But in the priorities we had to work out, the best method of getting more for our money was the test. We decided it should be through direct advertising so as to have an impact effect on the United States markets. In the efforts to get at certain other sections of the market we had to decide that San Francisco could not be provided with an office at this time. Therefore there will not be any office opened this year in San Francisco.

Mr. Howard: As a supplementary question, can I ask the minister whether it is not a fact that treasury board rejected this proposal?

Mr. Hamilton (Qu'Appelle): The government had this matter under consideration, and treasury board is still part of the government.

POST OFFICE DEPARTMENT

PUBLICITY RESPECTING STAMP COMMEMORATING BATTLE OF LONG SAULT

On the orders of the day:

Mr. Augustin Brassard (Lapointe): Mr. Speaker, I would like to ask a question of the Parliamentary Assistant to the Postmaster General. In doing so I would like to ask him to take advantage of the simultaneous translation system.

(Translation):

Mr. Speaker, on May 19 the Postmaster General will issue a new stamp commemorating the 300th anniversary of the battle of Long Sault.

I should like to ask the postmaster general's parliamentary secretary why the publicity about this event was issued in English only.

I belong to no separatist movement in Quebec, or to any other lodge in this country, but I would like to know why that publicity was made in English only.

(Text):

Mr. E. L. Morris (Parliamentary Secretary to the Postmaster General): Mr. Speaker, I am not aware that any publicity has been issued in only one language. I shall therefore take the question as notice in connection with the Dollard des Ormeaux stamp and give an answer tomorrow.

TRANSPORT

D.E.W. LINE—ALLEGED CONTRADICTION IN STATEMENTS ON HELICOPTER SERVICE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I would like to direct a question to the Minister of Mines and Technical Surveys. In the light of the answer the Minister of Transport has given today to question 133 in my name on the order paper, to the effect that the only Canadian companies which had helicopter work on the D.E.W. line were Spartan and Okanagan, I should like to ask the minister how he can reconcile that reply with the statement he made in the house to the effect that Autair Helicopter Services had had work on the D.E.W. line?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): I must have been misinterpreted or misquoted. What I did want to say, declare or state was that the most important thing in operating a helicopter service was to have pilots who had experience in the north, and information which I had at that time, and which I still have, is that the pilots of Autair helicopters have full experience in D.E.W. line operation.

Mr. Chevrier: A supplementary question. Did not the minister actually state that they had had a contract for work on the D.E.W. line? Does the minister want to revise his statement in the light of the answer given by the Minister of Transport?

Mr. Comtois: I will have to look at the whole file and get the information.

Some hon. Members: Look at *Hansard.*

[*Later:*]

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport, and ask him whether it is a fact that Autair Helicopter Services Limited have sold their company to another helicopter corporation?

Hon. George H. Hees (Minister of Transport): I have no idea, Mr. Speaker.

Mr. Chevrier: I should like to ask a supplementary question. Will the minister inquire and tell the house the result of his inquiry?

Mr. Hees: I shall be very glad to do so. However, I am sure the hon. member knows all about it if a sale has been made. He is thrashing an old dead horse and trying to make an issue out of it.

EXTERNAL AFFAIRS

COLOMBO PLAN—REPORTED DELAY IN CONSTRUCTION OF INDIAN REACTOR

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to ask the Acting Secretary of State for External Affairs—and may I express the pleasure of all the people of British

Columbia that at long last the hon. gentleman's abilities have been recognized—the following question. In view of an article appearing in the magazine *Modern Car Engineering* and an article in the Ottawa *Citizen* of April 23 written by Mr. Lynch, would the minister inform the house whether it is a fact that we are two years behind in the construction of the atomic research reactor being provided to India under the Colombo plan because of the so-called bungling of Canadians? If so, can the minister explain the reason for being so far behind schedule?

Hon. E. D. Fulton (Acting Secretary of State for External Affairs): I thank the hon. gentleman for having given me notice of this question about alleged delays in the construction of the atomic research reactor being provided to India by Canada under the Colombo plan.

In view of recent reports in the daily press and elsewhere about this reactor, I wish to take this opportunity to assure the house that in so far as there have been any delays in relation to the original target date, which in the very nature of things could be no more than an estimate, these are in no way attributable to any bungling by either Canadian or Indian participants in this worth-while project. Any delays that were experienced—and these have long since been completely overcome—were due to the complex nature of the project and the unusual type of structure involved.

I might mention also that this project is now very close to completion and, in fact, the plant is expected to be activated within a matter of weeks. We have been assured by the Indian authorities that they are in all respects fully and completely satisfied with the co-operation they have received from Canada in connection with this project.

AGRICULTURE

MILK AND BUTTER—INQUIRY RESPECTING SUPPORT PRICES

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): I wish to address a question to the Minister of Agriculture. Has the minister made any change in the method of paying the subsidy of 25 cents per hundredweight for milk to be used for industrial purposes?

Hon. D. S. Harkness (Minister of Agriculture): No, Mr. Speaker. I do not know to what the hon. member refers when he says "for industrial purposes". There is a subsidy of 25 cents a hundredweight on milk which goes into manufacture of any kind, whether cheese, butter or some other product.

[Mr. Regier.]

Mr. Boulanger: I should like to ask the minister if he can tell us at what price the stabilization board is going to purchase first grade butter, grade 39-92?

Mr. Harkness: I made an announcement in connection with the dairy support program some time ago, at which time I stated that butter, grade 40-93, would be purchased at the support price of 64 cents. I think we will be purchasing the next grading, which is 39-92, at 63 cents.

Mr. Hazen Argue (Assiniboia): A supplementary question, Mr. Speaker. Is that not in fact a drop of 1 cent a pound in the floor price on butter graded at 39-92?

Mr. Harkness: As far as the purchase of butter is concerned, we are following the principle of paying the highest price for the highest quality product the same system that prevails so far as all other products are concerned.

Mr. Argue: As a further supplementary question, Mr. Speaker—

Mr. Speaker: Order. I remind hon. members who are so interested in butter that the agricultural estimates are the next to be considered and it seems to me that would be an appropriate time to argue the question.

Mr. Argue: No argument; I just wanted the minister to admit that he had lowered the price.

UNEMPLOYMENT INSURANCE

CORRECTION OF STATEMENT RESPECTING AUTHORIZATION OF LOANS TO FUND

On the orders of the day:

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, yesterday the hon. member for Essex East asked me several questions concerning advances to the unemployment insurance commission, precisely, "loans by any agency of the government of Canada or otherwise to the unemployment insurance commission". I gave information about the position in the fiscal year 1958-59. I gave the position at the close of the fiscal year 1959-60 as well. But I went further and erred in saying there is no such indebtedness at the present time, and for this I wish to express my regret.

I find on inquiry that since the close of the fiscal year—indeed, in the past fortnight—there have been three loans extended to the commission, aggregating $19 million. The particulars are as follows: April 19, $4 million; April 25, $12 million; April 29, $3 million. These were made in accordance with authority contained in order in council P.C. 1960-70 dated January 19, 1960.

The hon. member went on then to ask whether any recommendation was on my desk from the investment committee suggesting that such a loan should be extended by the Bank of Canada to the unemployment insurance commission. Here I think the hon. member's intelligence system in the unemployment insurance commission got a little ahead of itself. I am told that not yesterday but today a requisition arrived on the desk of the—

Hon. Paul Martin (Essex East): Mr. Speaker, I rise on a question of privilege. The Acting Prime Minister, whom I designated yesterday as the best Acting Prime Minister this country has ever had, obviously was not deserving of the tribute I paid to him because of the very grave mistake he made yesterday. The hon. gentleman said that I had some previous advice as to the situation from some outside source. That is a serious charge which I deny, and which I ask the Acting Prime Minister to withdraw at once if he wishes to deserve the designation that he is the best Acting Prime Minister we have had.

Mr. Fleming (Eglinton): Mr. Speaker, you know how ardently I have studied to deserve some but by no means all of the epithets directed at me by the hon. member for Essex East. If he does not greatly mind I think I will continue to be discriminating in those I seek to deserve and those I may seek not to deserve.

Mr. Martin (Essex East): Will the hon. gentleman deal with the point I raised?

Mr. Fleming (Eglinton): However, I do not think I said what the hon. member has now attributed to me. What I indicated was that his intelligence system in this quarter had got a little ahead of itself. The hon. gentleman asked if I had received on my desk yesterday a certain recommendation. I was proceeding to say in amplification of the negative answer I gave to his question in that respect yesterday that there arrived this morning on the desk of the deputy minister of finance a requisition in connection with anticipated further loans that would be required by the commission during the month of May.

Perhaps I may offer this to him to be checked against his own sources of information in this respect. I may say the commission has indicated that it anticipates a need of further advances amounting to $19 million for the month of May, and it expects that by the month of June it will have reached the point again where receipts and disbursements will be in balance and no further loans or advances will be required.

79951-0—224

Mr. Martin (Essex East): May I ask the Minister of Finance a further question, now that we have had an elucidation of facts which were denied this house yesterday because obviously the Minister of Finance did not have the information which under the act he must have.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): I know hon. members do not like the fact that their Acting Prime Minister has been shown to be most careless.

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Martin (Essex East): Will the Acting Prime Minister, or rather the Minister of Finance, advise the house whether he was aware before yesterday afternoon or this morning that loans in the amount of $19 million had been made to the unemployment insurance commission, and had he as Minister of Finance participated in the discussions leading to the authorization of such loans by the Bank of Canada?

Mr. Fleming (Eglinton): Mr. Speaker, I think the hon. gentleman should not require to be told that if I had been aware of these specific loans my answer yesterday would have been in different form. The minister is required under the law to report to the house on loans outstanding at the close of the fiscal year. I drew attention yesterday to that fact and pointed out that the hon. member, if he would look at the budget speech, would find no loans outstanding.

He asks me about these specific loans. Obviously I was not aware yesterday afternoon of these specific advances but, in pursuance of the authority in the order in council to which I have already referred, I did authorize advances to be made on application. These had not been reported to me, the reason being the absence of the deputy minister of finance; otherwise they would have been brought to my attention. But the authority was there and had been given some time ago. If the hon. member is going to expect detailed answers of this kind from now on, I might as well tell him right now that he is going to have to put his questions on the order paper and then he will have his answers.

Some hon. Members: Oh, oh.

Mr. Chevrier: A new Speaker.

Mr. Martin (Essex East): Mr. Speaker, I should like to say that—

Some hon. Members: Order.

Mr. Speaker: Order. If the hon. member has a point of order or privilege or if he wishes to ask a question I will hear him, but otherwise there is no justification for further comment on the matter.

Mr. Martin (Essex East): I have a question, but before putting the question I wish to raise a question of privilege. The Minister of Finance has just been allowed to say, by way of a threat to me—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —that from now on he does not propose to give answers unless he is satisfied as to the circumstances and conditions under which the questions are put.

Mr. Speaker: Order. If the hon. member has stated his question of privilege I have no difficulty in dealing with it, but if he is about to amplify it I will hear him.

Mr. Martin (Essex East): I have not stated it; you rose while I was stating it. The attitude taken by the Minister of Finance in saying that he does not propose to give answers is not one within his rights. Surely that is a matter for the Speaker to determine. It is a violation of the rights of parliament—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —to say, in the threatening way in which he did today, that he does not propose to give answers simply because yesterday and today he was caught off base.

Some hon. Members: Oh, oh.

Mr. Bell (Saint John-Albert): You got caught stealing a base.

Mr. Speaker: Order. No doubt feelings may be aroused by exchanges such as the one that has taken place, but it is the privilege of the minister who is asked a question at any time to take it as notice. Whether a warning in advance that he will take a certain kind of question as notice, which is what the hon. member complains of, is a breach of privilege is very doubtful. I really see no question of privilege.

Mr. Martin (Essex East): May I ask the Minister of Finance whether when he made his budget speech he was aware of the fact that he had authorized or was considering the authorization of loans to the unemployment insurance commission? If so, why was that information, in accordance with the standards he laid down yesterday, not contained in the budget speech? Why does he continue for a second time to violate the principles of budget making?

[Mr. Martin (Essex East).]

Mr. Fleming (Eglinton): Mr. Speaker, implicit in that question is a series of false statements.

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): There were no loans outstanding at the date of the budget, at the close of the fiscal year, and that fact was reported to the house.

Mr. Benidickson: Commitments?

Mr. Fleming (Eglinton): There were no commitments. There was an authorization, but there was nothing outstanding.

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): There is no reference in the provisions in relation to reports of this kind concerning authorizations by order in council. What is required to be reported consists of loans outstanding, and there were no loans outstanding. I do trust that the hon. member will be able to register that fact clearly and will not seek to clothe the facts with an aura of cloud and eyewash.

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Minister of Finance whether it is not a fact that had it not been for this question the house would not have known about this $19 million in loans?

Mr. Fleming (Eglinton): Mr. Speaker, that suggestion is utterly nonsensical. All that any member needs to do to obtain information at any time is to put a question on the order paper, and he can have the date of the advance and the date of repayment. We had all this last year. This matinee performance this afternoon will not carry any conviction to anyone who was in the house last year and who remembers the show then put on by the hon. member for Essex East.

Mr. Martin (Essex East): You have been caught out very seriously.

Mr. Speaker: Order. May I suggest to the Minister of Finance, to the Leader of the Opposition and the hon. member whom I see rising to ask a supplementary question that this discussion is going far beyond what is proper.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I rise on a question of privilege affecting all hon. members of the opposition. I quite agree with Your Honour that this matter has gone quite far beyond—

An hon. Member: Sit down then.

Mr. Pickersgill: —a question on the orders of the day. The Acting Prime Minister in

reply to the question of the hon. member for Essex East, made a reference to the intelligence system of the hon. gentleman in the unemployment insurance commission, thus casting a slur upon every employee of the unemployment insurance commission. I suggest to you, sir, that it is thoroughly unbecoming conduct for a gentleman who very temporarily is Acting Prime Minister to cast such a reflection.

Mr. Speaker: Order.

An hon. Member: Can he not defend himself?

Mr. Speaker: Order. It seems to me that the question of privilege, if there is one, relates to the duty of the house to protect the good name of the civil servants. It is not a question of any privilege of the house; it is a question of the propriety of discussing the conduct of civil servants. I am not sure exactly what is complained of, but if there are some words which the hon. member asserts go beyond what should be said about the civil service perhaps he would so indicate.

Mr. Pickersgill: Well, I think there are, sir. What I was complaining about was the insinuation made by the Acting Prime Minister that questions properly asked of the government at this time were not asked in good faith by the hon. members concerned. It seems to me that is casting a reflection, and if the Acting Prime Minister cannot substantiate it he should apologize.

Mr. Speaker: I have heard all the discussion, of course, and I did not hear anything which was a reflection on the good faith of any member of the house in connection with any question he asked. In respect to the alleged insinuation about the civil service, if the Minister of Finance wishes to say anything about what he had in mind, what he was intending to say, I would be glad if he would clear up that point.

Mr. Fleming (Eglinton): On the point just now raised by the hon. member for Bonavista-Twillingate, it is obvious that he quite misapprehended what has been said by me. I did not suggest for one minute that the hon. member for Essex East did not ask his questions in good faith. I intimated, however, that I thought he had based his question on premature intelligence.

Mr. Martin (Essex East): I rise again on a question of privilege. I would ask Your Honour to regard carefully the attempt by the Minister of Finance to violate the rules of this house and your own direction. I stated that my question was not based on any information that had been handed to me by anyone in the public service. The Minister of Finance now proceeds to repeat that that was the case. I have denied it, and under the rules of this house the Minister of Finance must accept my statement unreservedly. I submit to you, with great respect and confidence, that the minister ought to be asked to take this position forthwith.

Hon. E. D. Fulton (Minister of Justice): Perhaps the matter might be disposed of in this way on the question of privilege. The Minister of Finance has made it clear that he felt the hon. member for Essex East had based his question on premature intelligence. The hon. member objects to that. Perhaps the matter could be therefore disposed of if the Minister of Finance were to modify his statement to say the question was based on immature intelligence.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. I am sure every member of the house, including the Minister of Finance, will accept the statement the hon. member for Essex East made earlier, and which he has just now repeated. As to the reflections on the civil service, they are of such a vague and inferential character that I think the matter might well be disposed of.

Mr. Martin (Essex East): No; I ask you to ask the Minister of Finance to withdraw that statement.

Mr. Speaker: The hon. member has asked for a withdrawal, but I assume that the Minister of Finance accepts his statement. If the minister wishes him to affirm it I will ask him to do so.

Mr. Fleming (Eglinton): I accept unreservedly those portions of the statement made by the hon. gentleman in which he has disclaimed intelligence from someone in relation to the questions. I made no reference to anything but the source of his intelligence in relation to the receipt in my office of a recommendation from the investment committee. I think I have made my position quite clear in that respect.

Mr. Martin (Essex East): I regret to say that is not satisfactory.

Some hon. Members: Sit down.

Mr. Martin (Essex East): The hon. gentleman is now saying that with regard to the question put to him yesterday as to whether or not there was information in his office involving the recommendation for a loan—I say that question was put by me without any suggestion from anyone inside or outside of the public service—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —and the hon. gentleman has left another impression which he should be asked to withdraw.

Mr. Speaker: If the hon. member asserts that he had no information from a civil service source, from which it may be implied he got information, then I am sure the Minister of Finance will accept that statement. I would ask him to do so. In doing so, however, I have this difficulty, that I have not been as sure as the hon. member for Essex East that there was that imputation.

Mr. Martin (Essex East): I do not propose, unless you ask me to do so, to let this matter rest. It is a serious matter.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): The Minister of Finance must not be allowed to take this matter as a laughing matter, because it is not. He ought to be asked to withdraw that imputation unreservedly and without hesitation.

Mr. Speaker: I think perhaps we are making a great deal out of this unnecessarily. I do, though, appreciate the susceptibilities of the hon. member for Essex East, when he wishes to be cleared of the imputation he has taken, and I hope the Minister of Finance will clear him of that.

Mr. Fleming (Eglinton): I have cleared him of many things, Mr. Speaker, and sometimes also of pompousness.

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Acting Prime Minister. Can the minister say when he expects that these loans will be repaid?

Mr. Fleming (Eglinton): During the course of the following months, I pointed out, it is expected that receipts and disbursements will come into balance, and repayment would follow when receipts, during the summer months, normally exceed disbursements.

Mr. Hellyer: May I ask a supplementary question. Is this principle of financing by loans rather than requiring the unemployment insurance commission to sell its securities a part of the government's fiscal and monetary policy?

Mr. Fleming (Eglinton): We were over this at some considerable length in the debates last session, as you will recall, sir. I may point out that the commission, exercising the rights conferred upon it by statute, has sold certain of its security holdings and has also applied to the Minister of Finance for loans, which were authorized in accordance with the terms of the Unemployment Insurance Act.

Mr. Hellyer: These were authorized without your knowledge?

Mr. Fleming (Eglinton): Not at all; these were authorized by the governor in council on the recommendation of the minister.

Mr. Erhart Regier (Burnaby-Coquitlam): Might I ask the minister if he would inform us as to the rate of interest the government of Canada charges the unemployment insurance commission on these loans, and also the rate of interest the government of Canada pays to the unemployment insurance commission on its investments in the securities of the government of Canada?

Mr. Speaker: This matter has been pursued at great length, and the search for statistical information might very properly be made through the order paper. Then we might proceed to the next order of business.

Mr. H. J. Robichaud (Gloucester): May I direct a question to the Minister of Labour. In view of the fact that in the last three years the unemployment insurance fund has declined from $917 million to $359 million at the end of March, and probably will be $300 million at the end of this year, can the minister inform the house if he intends to introduce legislation during the present session to protect this fund?

Mr. Speaker: I am sorry, but I cannot recognize any further supplementaries on this subject. It has been debated at inordinate length, and if hon. members wish to further debate this matter they will have to do so at the proper time.

Mr. Robichaud: On the point of order, Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Robichaud: I rise on a point of order as is my right as a member of parliament.

Mr. Speaker: Order.

Mr. Robichaud: My question was not a supplementary question. It had nothing to do with the loan, but it had to do with the fund. I was asking the Minister of Labour whether he intends to introduce legislation during the present session to protect this fund, which is facing depletion.

Hon. Michael Starr (Minister of Labour): No, Mr. Speaker.

[*Later:*]

Mr. Pearson: May I ask the Minister of Finance if he will table the orders in council

for the present financial year authorizing loans to the unemployment insurance commission?

Mr. Fleming (Eglinton): There are none for the present fiscal year.

Mr. Pearson: I have a supplementary question. Will the minister table the orders in council authorizing the loans about which he has given information to the house today?

Mr. Fleming (Eglinton): Certainly.

INQUIRY AS TO EXTENSION OF SEASONAL BENEFITS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Labour. I understand that last week the minister had a meeting with representatives of the British Columbia federation of labour. As a result of discussion of the situation in British Columbia, may I ask whether it is his intention to introduce any changes in order to continue seasonal benefits after May 15?

Hon. Michael Starr (Minister of Labour): I had the pleasure of meeting the representatives of the British Columbia federation of labour in Montreal during the Canadian Labour Congress convention. I must say I met with them for nearly an hour, and I was impressed with the moderation of their approach and the understanding and appreciation they showed of the federal government's position in these matters. However, it is not the government's intention to extend the seasonal benefits at this time.

Mr. Winch: I have a supplementary question to ask. In view of the minister's statement, may I ask him what the unemployed in British Columbia are supposed to do after May 15?

An hon. Member: You asked that the other day.

Mr. Winch: And I did not get any answer. Can I get one now?

Mr. Speaker: The hon. member cannot expect on the orders of the day an answer to such a broad question.

Mr. Winch: This is a matter of great concern. Within 12 days the seasonal benefits end. Is this not a matter of importance on the orders of the day?

Mr. Speaker: I am not suggesting it is not a matter of importance. If the minister feels he can answer it I will allow him to do so. I would remind the hon. member that we have debated the employment question for at least ten days during this session.

Mr. Starr: Seasonal benefits were in effect at all times, up until the fall of 1957, from January 1 to April 15. This government took action to extend those seasonal benefits from December 1 to May 15. In those days when seasonal benefits ended on May 15 there was never any prolongation, and the situation was exactly the same as it is now affecting seasonal employment.

Mr. Benidickson: Unemployment was never like this.

[*Later:*]

Mr. Winch: I should like to direct another question to the Minister of Labour; I do so in view of the fact that seasonal benefits end on May 15. Will the minister file with this house a copy of any contractual arrangement between the federal government and British Columbia on the payment of assistance for the employable unemployed, and any regulations with regard thereto?

Mr. Starr: That matter does not come within my department, Mr. Speaker.

Mr. Winch: I thought it did come within the minister's department. May I ask that this question be referred to whichever department it comes under?

Mr. Speaker: May I suggest that there is a procedure for securing the production of documents which would be more appropriate than asking questions on orders of the day.

Mr. Winch: I do so because of the fact that the seasonal benefits end within 12 days. If it is not the responsibility of the Minister of Labour, I would ask the Minister of National Health and Welfare whether that document will be filed.

Hon. J. W. Monteith (Minister of National Health and Welfare): I did not quite get the implication of the question, Mr. Speaker.

Mr. Speaker: I think the question might properly be put on the order paper, or be made a motion for the production of papers.

IMMIGRATION

STATEMENT AS TO POLICY RESPECTING FARM WORKERS

On the orders of the day:

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): May I reply to a question which was asked yesterday by the hon. member for Fort William (Mr. Badanai). First of all, I may say that the policy referred to as the new policy is not new; it has been in effect for several years now. As a matter of fact this is the third

season during which farmers' sons from Holland will come to Canada to accept employment on farms here for the farming season. It will be the first year for farmers' sons from Belgium. We expect there will be some sort of arrangement for France, but it has not yet been completed. Any similar proposal which is formally presented to my department will be given full consideration.

ROYAL CANADIAN MOUNTED POLICE

INQUIRY AS TO CONTRACTS WITH PROVINCIAL GOVERNMENTS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I wish to direct a question to the Minister of Justice. Is the minister considering a request of several provinces that greater guarantees be put into R.C.M.P. contracts to ensure that R.C.M.P. reinforcements are dispatched into a province when that province says it has an emergency?

Hon. E. D. Fulton (Minister of Justice): The minister has had no such request from several provinces or I should say I have had no such request from several provinces as was inaccurately alleged by the hon. member, and am therefore not considering a request because I have not received one.

Mr. Fisher: I was not alleging anything. I just asked a question. The minister has considerable crust to accuse—

Mr. Speaker: Order. There is a certain amount of touchiness on both sides of the house today. I suggest that when an hon. member frames a question which implies a set of facts, he takes responsibility for asserting that set of facts.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the minister a supplementary question. Is the minister or are his officials conferring at the present time with representatives of the provinces that have contracts with the R.C.M.P.? If so, are all the provinces represented?

Mr. Fulton: The answer to both parts of the question is yes.

LABOUR CONDITIONS

REQUEST FOR COMMENT ON REPORTED REMARKS OF PRIME MINISTER

On the orders of the day:

Hon. J. W. Pickersgill (Bonvista-Twillingate): I wish to direct a question to the Minister of Citizenship and Immigration. May I ask the hon. lady whether her attention has been drawn to a statement the Prime Minister (Mr. Diefenbaker) is supposed to have made or is reported to have made before the Canadian chamber of commerce in London that this year we shall be able to welcome and absorb into employment many tens of thousands of immigrants. If the hon. lady agrees with that view, will she consider making public the occupations in which these immigrants could be absorbed, so that Canadians may also have an opportunity of seeking that employment?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I believe that last year I sent to the hon. member a copy of papers from my department which listed employment opportunities in all sections of Canada. I shall be glad to make the same information available to him this year.

Mr. Pickersgill: I should like to ask a supplementary question. Will the hon. lady put that information in simple, straightforward form so that the kind of persons who are seeking employment in this country—of whom there are hundreds of thousands—can understand it readily?

Mrs. Fairclough: The information is, of course, of a very voluminous nature. The implication my hon. friend has left is that it is not easily absorbed, but after all, he is a very literate person, and I would think that he would be able to digest it.

Mr. Pickersgill: I think the hon. lady did not quite understand my question.

Mr. Speaker: Order. I think everybody understood the hon. member's question. I suggest that he take a leaf out of the book of the hon. member for Halifax and not only ask the question but give the answer.

Mr. Pickersgill: I would be very happy to do that. I suggest that the hon. lady prepare a list of the occupations and the places where there were employment opportunities available—

Mr. Fulton: Mr. Speaker, on a point of order—

Mr. Pickersgill: —in a simple form which those seeking employment could understand.

Mr. Speaker: Does the Minister of Justice have a point of order?

An hon. Member: Not now.

BUSINESS OF THE HOUSE

EXPROPRIATION ACT—INQUIRY AS TO REVISION THIS SESSION

On the orders of the day:

Mr. J. T. Richard (Ottawa East): Mr. Speaker, I would like to ask a question of

the Minister of Justice. Does the minister intend to introduce a bill this session to revise the Expropriation Act?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, no final decision has been reached on that point.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Minister of Justice whether he agrees with the view expressed by his colleague the Solicitor General, that any law passed by this parliament which is not acceptable to all the provinces is unconstitutional?

Mr. Fulton: I am not aware of the basis of the assertion made by the hon. member for Bonavista-Twillingate—

Mr. Chevrier: Read *Hansard.*

Mr. Fulton: —and therefore I have no answer to give to that question.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT

ALTERNATIVE ARRANGEMENTS FOR UNIVERSITY GRANTS—EXTENSION OF INDIVIDUAL INCOME TAX RATE

The house resumed, from Tuesday, April 26, consideration of the motion of Mr. Fleming (Eglinton) for the second reading of Bill No. C-56, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

Mr. Speaker: In recognizing the hon. member for Megantic (Mr. Roberge), I should advise him that according to our records he has but one minute remaining.

(Translation):

Mr. Gabriel Roberge (Megantic): When we adjourned on April 26 last, I was saying that the Liberal formula for university grants was perfectly in accord with the constitution. However, a group of Quebec Conservatives and the Solicitor General (Mr. Balcer) were holding to the view that the Liberal formula was anti-constitutional.

Now, under this bill that system of distribution remains the same because nine provinces are said to find it satisfactory. But it has been said that the province of Quebec considers it contrary to the constitution.

Mr. Speaker, there is only one British North America Act and one constitution for the whole country.

How could the St. Laurent formula be in accord with the B.N.A. Act in nine provinces and not so in one of them? And how can the Conservatives, without being inconsistent themselves, support a bill which preserves that formula?

(Text):

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but his time has expired.

(Translation):

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, on April 13, 1959, and on April 1, 1960, I had the opportunity to express my views in this house on the exclusive rights of the provinces in the matter of education.

Today, I should like to add a few remarks to express the satisfaction felt by the people of Sherbrooke over that new method of financing Canadian universities, and to say a word too about the contradictory and opportunist attitude of the Liberals with regard to this matter. Finally, I will admit that Bill C-56 constitutes an important step towards the gradual return to the provinces of their taxation powers, which will allow them, after having been placed under an economic trusteeship under the Liberal regime, to gradually recover, under the Conservative administration, their constitutional majority and responsibility.

Mr. Speaker, the people of Sherbrooke, the electors, both men and women, whom I represent, the population of the eastern townships or Estrie, are particularly interested in that part of the project which regards the financing of universities.

You are no doubt aware that, since 1954, Sherbrooke has its own university which is an addition to the other Quebec universities, Laval, Montreal, McGill, Bishop, Sir George Williams.

In fact, on January 12, 1954, a bill for the establishment and recognition of the University of Sherbrooke was put on the order paper of the Quebec legislative assembly.

Two weeks later, the same month, the bill was unanimously adopted by the Quebec legislative assembly.

On March 5, 1954, the lieutenant governor of the province of Quebec signed the act, and on November 21, 1957, a Roman decree set up, under canon law, the Catholic University of Sherbrooke.

May I, Mr. Speaker, rapidly mention the names of a few pioneers and founders of that new Canadian university.

There are, first of all, His Excellency Msgr. Georges Cabana, and Msgrs. Maurice Vincent, Irenee Pinard, Napoleon Pepin, Maurice O'Bready; Canons Damien Lessard and Roger Maltais, and the Rev. Fathers Romeo Leroux, Arthur Audet and Paul-Emile D'Arcy.

As to the laymen, I might refer to the Hon. Johnny Bourque, minister of finance

of the province of Quebec, who, in 1954, promoted the bill in favour of the Sherbrooke university, Albert LeBlanc, Q.C., bâtonnier of the Quebec bar, Mr. Armand Crepeau, who infused into the faculty of science all his devotion and efficiency, and who died in harness last year.

There were also Messrs. Jacques Lemieux and Gaetan Cote, Charles-Emile Belanger, Paul Desruisseaux, Q.C., president of La Tribune Ltd., Dr. Rosario Cousineau, and many other citizens of Sherbrooke and vicinity.

At present the new university has four faculties: law, commerce, science and arts. On December 1, 1959, 3,719 men and women students were registered at Sherbrooke university. That is to say, Mr. Speaker, that the people of Sherbrooke and the eastern townships are considerably interested in this legislation because it provides new methods of financing Canadian universities.

When the resolution introduced on April 1 last was discussed, and the debate on second reading of the bill started in this house on April 26, I was astounded by the contradictory and opportunist attitude of the Liberals. Those very people who had built up the pyre to burn provincial rights rose in this house and tried to put out the flames they had fanned. They launched superficially sincere protests. In so short a period, that is since June 10, 1957, we shall have heard the opposition break into the most contradictory songs and intone the most discordant choruses.

Why, Mr. Speaker, does the situation in the educational field, and in others, now reveal itself to be and remain so complicated and difficult to solve? The answer is easy. It is because the Liberals, when they were in power, administered this country, especially since the last world war, in a halting, anti-constitutional and exaggeratedly centralizing way.

What exactly has happened during the last 16 years of Liberal rule? At the start of the last world war, the Liberal minister of finance, Mr. Ilsley, asked the provinces to lease to Ottawa, for war purposes, powers and fields of taxation so that Canada might meet new and urgent needs in the world conflict. Promise was then made to the provinces that those provincial taxes would be handed back to them after the war.

We only have to refer to a resolution on page 1523 of *Hansard* of 1942 to get the terms of those requirements and promises.

[Mr. Allard.]

An hon. Member: Of what year?

Mr. Allard: 1942.

That motion was as follows:

> That it is expedient to introduce a measure to authorize the governor in council to enter into agreements with the provinces respecting the vacation by them of the personal income and corporation tax fields for the duration of the war and to provide compensation therefor, and fiscal need subsidies in the case of certain provinces, annually during the term of the agreement.

But after 1945, contrary to their promise, the Liberals maintained their control over immense sources of income, thus centralizing in Ottawa provincial powers and taxes. In 1956, while they were still in office, the Liberals, through their policy, had managed to centralize in Ottawa 77 per cent of all Canadian taxes, while in 1939, they were getting but 42.2 per cent.

Thus they gradually starved out the provinces and set up that Liberal policy of "Believe or die"; "Give in or die".

Such offhand manner on the part of the Liberals plunged the whole country into deep concern, to such an extent that some sincere and patriotic Liberals denounced their own party. Hon. members should recall part of a statement made in 1952, here in Ottawa, in the other place, by the hon. Liberal Senator Jacob Nicol, as recorded on page 527 of the debates of the Senate:

> If you borrow a thing and keep it permanently, it is not borrowing it is stealing; and the right of taxation is being stolen from the provinces.

If I were allowed to address myself directly to the hon. member for Laurier (Mr. Chevrier) who used to live in the province of Ontario, I would tell him: "You were a member of the Liberal administration which stole the rights of the provinces in general and the rights of the province of Quebec in particular." And still today, Mr. Speaker, if the former member for Montmagny-L'Islet, the Hon. Jean Lesage, had not left his federal seat to roam about temporarily in the province of Quebec, if he were here in the house, I would tell him: "While you were in Ottawa, while you were a member of the Liberal administration, you co-operated with that Liberal administration which stole the rights of the provinces in general and those of the province of Quebec in particular".

In order to spend the amounts of money which they had secured, and with which they did not want to part, the Liberals interfered in provincial fields such as education which, under section 93 of the Canadian constitution, belongs exclusively to the provinces.

By short changing the provinces, the Liberal party had also short changed the universities. All they could do was either accept grants from Ottawa or else go bankrupt. In 1951 all Canadian universities fell for it and were financially compelled to accept Liberal grants. But from 1952 on, Quebec universities became wise to the fact that the Liberals were out to sacrifice the higher principle of exclusive provincial jurisdiction in the field of education and turned down those grants.

That is how the Liberal party, while preaching national unity, introduced legislation aimed at short changing the provinces, at creating differences among them and at confusing Canadian opinion on many issues.

And the same Liberal supporters, now very few in Ottawa and fighting a losing battle in Quebec with Mr. Jean Lesage, would have the present Conservative government solve, within a few short years, the complicated problems created by their own party.

That is indeed a contradictory attitude, lacking in consistency and in sincerity of intentions.

If the Liberals are to vote against Bill C-56 because some of its provisions are allegedly unconstitutional, how can they reconcile their attitude with their dictatorial interference in the field of education when they were in power in 1951 and later on? If, on the other hand, they support the bill, they will be admitting that it is an improvement on their too rigid administration.

Personally I will support the bill, but with certain reservations.

As I said earlier, the alternative formula implied in this bill with regard to grants to universities is an important step toward the gradual return to the provinces of their fields of taxation and of the possibility of application of their constitutional responsibilities. From now on, the provinces, and particularly Quebec, will be able to recover additional revenues and make direct grants to their own universities.

Of course, the bill still includes some restrictions. But we are under the impression that the tide has turned and that, in coming years, this government will make the adjustments which will enable the provinces that wish to do so, to exercise their exclusive jurisdiction in the field of education and grants to education.

Bill C-56 also offers a quite comforting novelty to those who believe that the Canadian constitution still has meaning, for it suggests to legislators that they make basic adjustments in the fiscal agreements system and prevent the central government from interfering further in the financing of education at all levels.

However, I will have a request to make to the Minister of Finance when this bill is taken up in committee of the whole. But could the minister consider right now the possibility of amending section 9A (b) (ii) by replacing the expression:

—satisfactory arrangements exist in the opinion of the minister—

by the following expression:

—satisfactory arrangements, at the knowledge of the minister.

It is true that the act on which this bill is based already gives the Minister of Finance exorbitant powers. Nevertheless it is distasteful that the federal minister should act as arbitrator and be the only one to have a say on the value of the said agreements.

I understand that the minister finds himself in a difficult position because he has to deal with a matter that has been complicated by the Liberals and imbued with their centralizing spirit. That is why we are building high hopes on the forthcoming federal-provincial conference next summer, and on the new legislation that will be passed when the agreements come to an end in 1962.

In conclusion, I shall again state the views I expressed several times in this house and more particularly on April 13, 1959.

There is no doubt that the Canadian economy has developed to a great extent since 1867. We now have a federal government and ten provincial governments.

Almost every one of those governments has the feeling of being sort of strait-jacketed by the vagueness of certain sections of the Canadian constitution whenever they attempt to proceed in various economic areas.

It is then my humble opinion that in order to allow all Canadians to take advantage clearly of our economic development in 1960 and thereafter, the constitution should be amended, with the agreement of all parties interested, in so far as our material problems are concerned.

To amend should here be understood as meaning to elucidate, to particularize, to clearly determine and to adjust to current needs and economic conditions. That should not entail any surrendering or forsaking of rights. One only has to think of the regulations governing the hospitalization insurance scheme or the trans-Canada highway.

But our constitution is quite clear in one respect, that of education which has been left entirely to the provinces under section 93 of the British North America Act.

Let the central government mind its own business and leave the provinces to their responsibilities. Let us not try to control everything here.

We have enough problems to solve, at both the national and international levels, to keep us busy all the time. Need I say, incidentally, that a very important Canadian industry which exists in my area, the textile industry, for example, faces many difficulties on account of the tide of foreign importations. American industries sold 6 million yards of cotton goods more than did Canadian industries on our own market in 1959. During that year—

Mr. Deputy Speaker: Order.

Mr. Allard: —imports of Japanese textiles went up 56 per cent.

Mr. Deputy Speaker: Order.

Mr. Allard: Well, Mr. Speaker—

Mr. Deputy Speaker: Order. May I call the hon. member's attention to the fact that this bill has nothing to do with the textile industry?

Mr. Allard: Mr. Speaker, my sole reason for referring to that industry was to dispel some of the chronic confusion of opposition members. In closing, I was pointing out that here in Ottawa there are many problems, both national and international, that ought to be solved, and that is one of those we should solve by strong and vigorous action.

If we only stick to our own responsibilities, national understanding will be increased and all areas in Canada will be blessed with a balanced progress.

Mr. Augustin Brassard (Lapointe): Mr. Speaker, may I first thank my hon. colleague from Chambly-Rouville (Mr. Johnson) who, for once, appears to be of a sensible disposition, that is to say in favour of common sense.

Mr. Johnson: I get a kick out of listening to you.

Mr. Tremblay: He was looking at me when he said that.

Mr. Brassard (Lapointe): As I rise to speak on this bill, Mr. Speaker, I need not go into details about the background of the legislation that brought about grants to universities. Like all my colleagues and the other members, I listened to the very plain, accurate and sensible speech delivered by the hon. member for Laurier (Mr. Chevrier).

Mr. Johnson: May I refrain from demonstrating this time?

Mr. Brassard (Lapointe): There is no possible doubt, Mr. Speaker, that the Liberal party was and still is in favour of assistance to universities in this country.

It is important that this be very clear in the minds of all members of this house.

I need not insist on the reasons since we have the Statutes of Canada to prove it. Was it not the Hon. Mr. St. Laurent who introduced both the legislation and the formula allowing the payment of grants to universities through the Canadian conference of universities?

Furthermore, I need not praise the Canadian system of higher education. However, I would like to say that Canadian universities train those who will be called upon to play a leading part in the national field. Our universities also have to train our representatives abroad, the officers of our three armed services, our research scientists, etc.

In all sectors of our national economy, university graduates often exert their influence outside the province in which they have pursued their studies. Graduates from Quebec as well as from Ontario, New Brunswick, Nova Scotia and the other provinces are to be found everywhere in our country and abroad. The part universities play, in our country as well as in the other countries, is of national importance. It is therefore essential that professors should receive the salary they deserve in view of the position which is theirs in the education and training of Canadian youth.

The formula submitted to Canadian parliament by the Right Hon. Mr. St. Laurent constituted only an assistance to our universities without necessarily implying control in the fields of education and administration of our universities.

The Canadian conference of universities—its name has changed since—is composed of representatives of all universities in our country, and if the Quebec government saw fit, during the fiscal year 1951-52, to accept university grants, it was one of the best proofs that those grants did not mean that federal authorities had control over the curricula or the administration of our institutions of higher learning. In proof of this, I shall

quote a statement by Mr. Duplessis himself, which was published in *Le Devoir* of November 22, 1952:

Mr. Duplessis stated at that time that the government had taken all steps necessary to insure that provincial autonomy be respected in this matter.

He was referring at the time to the agreement between the Quebec government and the federal government with respect to federal grants to universities for the fiscal year 1951-1952.

Here is the rest of the quotation.

He did not say exactly how—

That is, he did not say exactly how autonomy had been respected but he stated—

Mr. Tremblay: Why did he reject them later on?

Mr. Brassard (Lapointe):

—but he stated that in the fiscal year during which federal grants to universities had been accepted:

let provincial autonomy be respected—

Mr. Tremblay: Why did he reject them later on?

Mr. Brassard (Lapointe): You know as well as I do that it is because at various periods in our history, we have had elections.

Mr. Tremblay: Answer my question.

Mr. Brassard (Lapointe): Mr. Speaker, I would not want to make a political speech, but if the hon. member for Roberval (Mr. Tremblay) keeps on asking me questions, I will be compelled to meet him on his own ground which is not higher than himself.

The federal grants to universities were decided upon—

Mr. Tremblay: You do not recall Union Nationale.

Mr. Johnson: May I—

Mr. Brassard (Lapointe): Mr. Speaker, may I have the floor?

The hon. members for Chambly-Rouville (Mr. Johnson) and for Roberval (Mr. Tremblay) will have the opportunity—I hope they will take advantage of it—to state their views when I have concluded my remarks.

Mr. Speaker, the Massey commission was appointed by the St. Laurent government to examine the development of sciences, arts and letters in this country. Representatives from all Canadian universities were called upon by the commission to present briefs and express their ideas on federal aid to universities.

At one point some words spoken by His Excellency, Msgr. Ferdinand Vandry, rector of Laval University, were mentioned in this house. In turn, I would like to repeat here what His Excellency Msgr. Ferdinand Vandry, rector of Laval University told the Massey commission when it sat in Quebec. I shall quote the very words of the Laval University brief and of Msgr. Vandry himself:

French universities in the province of Quebec certainly need financial help from the federal and provincial governments, to develop, as it would be appropriate, the teaching of sciences, arts and letters.

McGill University—just to mention another university in our province—presented on November 4, 1953 a brief to the Tremblay commission, and I would like to quote one paragraph which refers to the constitutional nature of federal grants to universities. I quote:

There is no proof whatsoever that federal university grants are, in any way, encroaching on the autonomy where those universities are located—

Mr. Tremblay: That proves nothing.

Mr. Brassard (Lapointe): I hope that the paragraphs—

Mr. Tremblay: That is no proof at all.

Mr. Brassard (Lapointe): Mr. Speaker, I hope that Msgr. Vandry's words do prove something.

Mr. Tremblay: Msgr. Vandry made another statement.

Mr. J. A. Habel (Cochrane): Mr. Speaker, I rise on a point of order.

Mr. Brassard (Lapointe): Mr. Speaker, I call upon your good sense to calm these people.

Mr. Habel: Mr. Speaker, on a point of order. I deem it my duty to draw your attention to the fact that the interruptions of the hon. member for Roberval reveal that if great men did come out of our universities, there came out also learned idiots.

Mr. Maurice Johnson (Chambly-Rouville): Mr. Speaker, on the point of order—

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to say a word about the point of order.

Mr. Deputy Speaker: Order. I do not think it is necessary to carry on this discussion any further, because the point of order raised by the hon. member for Cochrane (Mr. Habel) is irregular. He simply took the opportunity to make a remark.

I thought he would raise the matter of interruptions in his point of order. The rules of the house provide that hon. members may not interrupt the one who has the floor, and may ask him questions only after having asked him permission and having obtained it.

Mr. Chevrier: Mr. Speaker, I should like to go on with my remarks about the point of order raised by the hon. member for Cochrane, or if you are of the opinion that the point of order is irregular, I should like to raise a point of order myself, to draw your attention to the fact that during the debate on the resolution which preceded this bill we have seen the same attitude, about the interruptions, on the part of the Conservative members from the province of Quebec who, apparently, do not like what we, on this side of the house, say.

I believe, as you said earlier, that if the hon. members have some questions to ask, they should first ask permission to the member who has the floor; otherwise, they should cease their interruptions because we will adopt the same attitude when they speak. I am sure that you will readily see the merits of the point of order, because if this practice goes on, there will not be in the continuation of this debate the order and discipline that, I am sure, you would wish to have.

Mr. Johnson: Mr. Speaker, on the matter of the point of order—

Mr. J. N. Tremblay (Roberval): Mr. Speaker, I merely wish to point out that the remarks that have been made during the speech of the hon. member for Lapointe were not political at all. They are familiar interruptions which are merely aimed at pointing out certain deficiencies in his speech. And the hon. member for Laurier (Mr. Chevrier) has, as usual, taken advantage of it to play mean politics.

Mr. Johnson: Mr. Speaker, perhaps we might solve this difficulty if the hon. member for Lapointe would agree to answer our questions or to give us the exact references when he quotes, for instance, Msgr. Vandry or the rector of McGill University.

The only interruptions I made during the speech of the hon. member for Lapointe were meant as approvals because I am always pleased to hear him—

Mr. Tremblay: So am I.

[Mr. Speaker.]

Mr. Johnson: I am always pleased to hear him and listen to him. However, I have decided to withdraw my approvals when he wanted to pay undeserved compliments to the hon. member for Laurier.

If the hon. member for Lapointe would only agree to give us the correct references, I am sure the interruptions would cease.

Mr. Deputy Speaker: The hon. member for Chambly-Rouville has raised another point of order, but I can only take up one at a time. However, I do not think I need repeat what I said a moment ago, before the hon. member for Laurier raised this point. The rules are quite clear. A member who has the floor should not be interrupted. Permission can be asked to put a question to him, but it is his privilege to refuse to grant that permission. I ask the co-operation of all members for the orderly conduct of our debates.

I recognize the hon. member for Lapointe.

Mr. Brassard (Lapointe): Mr. Speaker, this will probably be news to my hon. friend from Chambly-Rouville, but if he cares to read the brief submitted to the Massey commission by Laval University, he would find the very wording of the statement I have just made for the record.

Mr. Johnson: On what page?

Mr. Brassard (Lapointe): I sometimes wonder, Mr. Speaker, whether the Conservative members from Quebec are too lazy to read the briefs that were submitted. I read them, but I am not going to give him the reference, as I am sure that he would learn a great deal if he took the trouble of reading them.

Mr. Tremblay: I read them over and over again.

Mr. Johnson: All I wanted to obtain from the hon. member from Lapointe (Mr. Brassard) was the exact reference of his quotation.

Mr. Brassard (Lapointe): You will find it in the brief.

Mr. Johnson: That I know; I read it in connection with the Tremblay commission in 1954.

But Mr. Speaker, I will not accept any suggestion that I have not read the brief or that Conservative members are too lazy to read such briefs and keep up to date.

It is time the member for Lapointe gave a loyal answer to our questions.

Mr. Brassard (Lapointe): If there are people in this house who cannot give me a lesson of loyalty, they are the Conservative members from Quebec. The best proof that the hon. member for Chambly-Rouville (Mr. Johnson) did not read the brief I mentioned is the fact that he said that it was submitted to the Tremblay commission, whereas it was, in fact, submitted to the Massey commission.

We have heard many speeches—

Mr. Johnson: I never made the statement attributed to me by the hon. member for Lapointe.

Mr. Brassard (Lapointe): Mr. Speaker, is this an attempt to apply closure?

Mr. Balcer: Tell the truth.

Mr. Bourget: Don't you dare talk about the truth.

Mr. Deputy Speaker: Is the hon. member for Chambly-Rouville raising a point of order or a question of privilege?

An hon. Member: Of privilege or of whim?

Mr. Johnson: I did not say that I had studied the brief submitted to the Tremblay commission. I said that I had studied the brief for the purpose of the Tremblay commission. That is different and I ask the hon. member to withdraw his statement.

Mr. Brassard (Lapointe): I will not; when you read *Hansard* tomorrow, you will see that I was right. I have a speech to make here, Mr. Speaker; I wonder if this is some kind of a gag they are trying to force on me—

Mr. Johnson: You are not important enough for that.

Mr. Brassard (Lapointe): I shall not say what I have in mind. During the debate on this legislation, we heard, among others, a speech by the hon. member for Bellechasse (Mr. Dorion).

Before saying what I think of his remarks, may I say that I have great regard and admiration for the hon. member for Bellechasse. I admire him very much and I think that what has been written about him in a certain Montreal weekly is downright disgusting.

If there is a Conservative member from Quebec who would deserve to be a cabinet member, it is the hon. member for Bellechasse, and I say this even though I do not share his political views.

At the outset of his speech on this legislation, the hon. member said—and, for the information of the hon. member for Chambly-Rouville, this quotation may be found on page 14 of the appendix to *Hansard* of April 26, 1960:

> In consequence—though it may displease those who do not share my opinion, and with all due respect for the views of others—I want to confirm once more, at the very beginning of my remarks, that federal grants to our institutions of higher learning in this country are obviously inconsistent with the imperative principles of our constitution and contrary to the rights, powers and obligations which are an exclusively provincial field.

In short, the hon. member for Bellechasse told us, in a somewhat mitigated form, that federal grants to universities are unconstitutional.

This bill contains Mr. St. Laurent's formula, a formula, as you well know, Mr. Speaker, that did not impose any condition on the provinces nor on the universities. On the other hand, the present legislation, in addition to the St. Laurent formula, contains certain conditions.

In the first place, it is the federal government that is telling the Quebec and other provincial governments who want to take advantage of that legislation how a tax can be levied by a province for a provincial purpose.

In the second place, the federal government itself decides how part of the tax will be used to meet that provincial purpose.

Third, as the hon. member for Sherbrooke (Mr. Allard) pointed out a few moments ago, the Minister of Finance of the federal government is to be the ultimate judge with regard to the distribution and use of that provincial tax, levied within the limits of the jurisdiction of Quebec and other provinces wishing to avail themselves of the act.

The hon. member for Bellechasse also mentioned on several occasions in this house that he had much apprehension with regard to precedent in British law.

Now, in spite of this fear and apprehension, he is still urging his Conservative colleagues from the province of Quebec to support this bill, and for two reasons.

We have inherited a situation created by the former administration, says he—and I

repeat, the former administration—and the legislation we are about to accept as a solution, at this time, will only be temporary.

I would have liked to repeat here, Mr. Speaker, the remark made to me by someone who has never had university training, and who was talking to me about the attitude of the hon. member for Bellechasse, but I will tell him about it privately.

The fact remains that the attitude of the Conservative members from the province of Quebec—

Mr. Tremblay: It is a matter of discretion.

Mr. Brassard (Lapointe): The discretion of the member for Roberval (Mr. Tremblay) is precisely what I am leery about.

Mr. Tremblay: What about your friends—

Mr. Brassard (Lapointe): I am amazed, not to say flabbergasted, at the present attitude of the Conservatives from Quebec and of the representatives of the Quebec government.

For years, they made provincial autonomy their battle cry, for obvious political purposes.

It was a mock autonomy, an inactive but convenient autonomy which helped them beg for votes.

The Conservatives from Quebec, at a conference a few months ago, asked, urged, the government to find a formula. Why were they urging the government to find a formula? This is due to the fact that they were feeling out public opinion in our province and discovering that the population had enough of seeing them play politics with a principle such as that of autonomy.

The Conservative government in Ottawa has always proclaimed its respect for our constitution. It developed a formula or rather, according to the press, the former premier of Quebec, Mr. Sauve, for whom I had the greatest respect, submitted a formula verbally —and one can easily understand why the proposal was made verbally.

But, the most astonishing point is that this legislation, as I said a moment ago, not only includes the St. Laurent formula, which the Quebec provincial government rejected absolutely at all times, but even goes a step further in that it compels Quebec to return to Ottawa part of the money to be collected under provincial legislation for provincial purposes, and if it does not compel the province to return the money to Ottawa the federal government will see to it that the compensation is made.

I should say, to use an expression in favour with some Quebec members, that, from the constitutional standpoint, this is one of the most questionable pieces of legislation we have had since confederation.

As soon as the member for Bellechasse (Mr. Dorion) had made his speech, I very politely asked him a question to which he replied also very politely. I would like to remind him of it at this stage. I said, as reported on page 18 of the appendix to *Hansard* of April 26, 1960:

> Mr. Speaker, may I ask a question of the hon. member for Bellechasse? If the hon. member for Bellechasse deems it completely constitutional to levy a provincial corporation tax for educational purposes, how can he explain that the federal government should, under the same bill, have the authority to compel the province of Quebec to return a portion of the same tax. Is that provision in the bill not the very contradiction of Mr. Cahan's statement?

The member for Bellechasse replied:

> I am willing to assume that the hon. member has paid close attention to what I said. However, he leaves me with the impression that either I did not make myself clear or he misunderstood me. I rather believe that I was not quite clear.
>
> At the beginning of my remarks, I very definitely stated that in my opinion the federal government is not allowed under the constitution to subsidize universities. I said that we were faced with an accomplished fact and that we try to evolve a temporary solution through a compromise. That is my view on the bill now before us.

Mr. Speaker, I would like to ask the Conservative members from Quebec who will speak after me—and the member for St. Hyacinthe-Bagot (Mr. Ricard) will certainly be one of them—to tell us if the former premier of Quebec has ever accepted any compromise as far as the provincial autonomy of his province is concerned.

The Hon. Mr. Duplessis is known to have rejected federal university grants, except for one year, as I said a few moments ago. On the other hand, his minister of youth and welfare, the Hon. Paul Sauve, used to accept with open hands subsidies for technical and professional education, and annual grants for the maintenance and administration of his schools. Now, when federal grants were related to the building or installation of schools, they represented up to 50 per cent of the cost.

And when was any minister from Quebec heard telling the people of my province that the building costs of our technical and professional schools had been paid fifty-fifty by the federal government and the government

of Quebec? We were always led to believe, as we are being now, that those were princely gifts from the provincial government.

To my mind, Mr. Speaker, saying, when a school or a hospital or any public building is erected in some riding that it is a gift either of the federal or the provincial government, is misleading the people. Indeed, it is not a gift. It is merely a question of providing for the needs of the people where the building will be erected. And that is what I have always admired in our former prime minister; he never said that he was distributing gifts, but: "We are returning to the taxpayers part of the taxes they paid to the federal government".

Some hon. Members: Hear, hear.

Mr. Brassard (Lapointe): What the Hon. Mr. Sauve accepted between 1945 and 1958, i.e. 50 per cent of the construction cost of all technical and professional schools in the province of Quebec, amounts to more than $6 million. Much has been said about autonomy in our province but, meanwhile, words were contradicted by deeds.

Some hon. Members: Hear, hear.

Mr. Brassard (Lapointe): We have heard before of grants to universities, Mr. Speaker, and by others than the federal government. Grants to universities have been awarded by the Quebec government to other institutions of higher learning in other provinces. I do not deny the right of the province of Quebec to help our fellow citizens in the other provinces. But what strikes me, again according to the principle of autonomy of our people in Quebec, is that the same Quebec government has awarded grants to institutions in other provinces. If the government of the province of Quebec had been logical and consistent with its theory on autonomy, it would have awarded those grants to a Quebec patriotic organization which would have handed them out to the interested people in the other provinces. No one would have been able to accuse the province of Quebec of interfering in the educational system of the other provinces, if it had followed that procedure.

Coming back to the agreements now being considered, Mr. Speaker, I would like to say a few words about the correspondence exchanged between the Prime Minister of Canada and the last two premiers—I repeat, the last two premiers—of the province of Quebec. On December 14, 1959, the Hon. Mr. Sauve, in an answer to the Prime Minister of Canada, asked this:

> You are suggesting that the adjustment be made out of the equalization payment. At least I suppose so, because it would be the only way to do it.
>
> You would oblige me by saying if that is what you have in mind.

Here is what the Prime Minister of Canada answered to the Hon. Mr. Sauve on December 22, 1959:

> The difference between the product of the additional 1 per cent tax exemption and the $1.50 per capita for the population of your province will be adjusted in such a way that the fiscal position of the federal government remains unchanged. In other words, should the 1 per cent tax exemption yield more than $1.50 per capita, as will be the case, the federal government will deduct the amount in excess of equalization payments now being paid to the province of Quebec by the federal treasury in accordance with the Federal-Provincial Tax-Sharing Arrangements Act.
>
> For instance, if the new formula were applied on the basis of 1959 figures, the federal treasury would lose, and the provincial treasury gain, about $9,250,000 as a result of the change in the corporation tax. On the other hand, university grants based on $1.50 per capita, applied to the province of Quebec, would amount to $7,500,000. The difference of $1,750,000 would be deducted from the equalization payment payable to the province of Quebec which in 1959 will amount to about $67,000,000.

There is another point on which I would like some clarification from the Conservative speakers who will rise after me. The Quebec legislature passed an act to raise from 9 to 10 per cent the corporation income tax before the federal government had introduced its own legislation. The provincial authorities knew at the time what were the three conditions laid down by the federal government concerning the use of provincial income tax.

I am at a loss to understand on the basis of what sincerity the Quebec government failed to mention in its legislation the conditions imposed by the federal government in order to dispose of a grant established by a provincial legislation for a provincial purpose.

In other words, Mr. Speaker, the Quebec provincial legislature as well as the federal authorities, entered into a tacit agreement before the Canadian parliament had expressed its views on the subject.

If this legislation had been introduced under a Liberal administration, with the restrictive clauses it contains, I am sure that Mr. Duplessis and all his supporters would have had a real picnic at the expense of the Liberal administration of the time.

In his speech on the federal grants to universities—and I want to say a few words about the remarks of the hon. member for

Bellechasse (Mr. Dorion)—the hon. member also expressed the views of a man who had been a student of constitutional law and who, according to him, was one of the most enlightened minds of his days; I mean Mr. Cahan, secretary of state in the Bennett administration. As did the hon. member for Bellechasse, I quote the following:

> The provincial legislature will come to exercise, year by year, the functions of a municipal council which is dependent, in matters of finance, upon the benefactions which it receives from the federal treasury. The dominion government will hold the purse, and financial control will gradually extend to the exercise of legislative and administrative control.

Well, I believe the formula being proposed to us ties in fully with the opinion expressed by the hon. member for Bellechasse, and for the following reason: the province of Quebec will have to reimburse, or the federal government will deduct from the equalization payments, the excess amounts of taxes levied on corporations for provincial purposes.

I would not like to express an opinion neither officially nor off the record on the constitutionality of the federal grants to universities because there are great jurists who hold different views on the matter. But I should like, however, to make a comparison. The special grants of $25 million which the federal government pays to the maritimes are not paid from a special tax levied throughout the country. Those special grants of $25 million are taken out of the federal treasury, like the university grants, as they were under Mr. St. Laurent's formula.

And there is another question I might ask myself about Quebec autonomists. There is, in the Department of Finance, in connection with federal-provincial relations, a municipal grant division. Municipalities, Mr. Speaker, in the eyes of the federal government, do not exist. The federal government does not recognize legally what a municipality is, because municipalities exist only by virtue of a delegation of powers from the provincial governments; and yet, grants are directly made to municipalities; cheques are made to the order of the municipalities. Those cheques are not sent to municipal officials, through the provincial government, they are sent directly to the municipalities of our province, and of all the other provinces of Canada.

How can you explain that the Conservative members from Quebec, who are so deeply concerned with autonomy, have never raised the matter here in the House of Commons?

Mr. Tremblay: Completely beside the point.

Mr. Brassard (Lapointe): I admit, Mr. Speaker, that for the hon. member for Roberval, that is beside the point. In fact, I am sure of it.

There is another problem on which I should like an explanation, either from the hon. member for Chambly-Rouville, who often does not know what he is talking about, or from the hon. member for Roberval, who never knows what he is talking about.

The bill before us deals with an agreement between the federal Minister of Finance and the Canadian Universities Foundation. The two contracting parties are the Minister of Finance on behalf of the Canadian government, and the Canadian Universities Foundation. What is involved in the bill? The authorities of the federal government are asking the Quebec authorities to abide by an agreement between the Minister of Finance and the Canadian Universities Foundation. They ask that of the authorities of the province of Quebec, who are not parties to that agreement. I should very much like to hear the thoughts of the hon. members for Chambly-Rouville and Roberval, if they are capable of any thoughts, on this particular matter.

Mr. Tremblay: A low type of wit for a protégé of the Union Nationale.

Mr. Brassard (Lapointe): Mr. Speaker, in going to work for the Quebec government, I never thought I had to sacrifice my freedom of thought for the rest of my life. I never denied having worked in the department of highways for two years. I never denied having received assistance, but I had to work for it. And, once again, I still feel as I did at the time that I was not being committed in my way of thinking for the rest of my life.

When the Canada Council or the federal government make grants the recipient does not have to state whether he is going to be a Liberal or a Conservative for the rest of his life.

As reported in *Le Devoir* of July 20, the hon. member for Quebec South (Mr. Flynn) said in this house on July 18, 1959, concerning university grants:

> And, the member went on to ask, even if the former government and the present government

always paid out the grants with no strings attached, what guarantee do we have that such will always be the case?

The former administration never attached conditions to the financial aid to universities, but, today we study this bill which sets three essential conditions to the grants which are paid from federal revenue to Quebec universities.

I wonder, Mr. Speaker, how the Conservative members from Quebec will explain their reasoning and, to make sure the hon. members for Roberval and Chambly-Rouville understand what I mean, how will they explain their inconsistency.

Mr. Tremblay: We will ask that for you of the provincial minister of highways.

Mr. Brassard (Lapointe): No doubt we will witness and quite soon, Mr. Speaker, an event which will enable the people of Quebec to express their opinion.

Mr. Parizeau: We already know the result.

Mr. Brassard (Lapointe): The member for Lake St. John (Mr. Parizeau) says he already knows the result. I cannot make fun of him right now; I will wait till June 23 to do so.

An hon. Member: He laughs longest who laughs last.

Mr. Brassard (Lapointe): It is then that will break out the revenge and the justice of people fed up by public men who are in politics only to satisfy their thirst for power.

Before concluding, Mr. Speaker, I want to repeat that the Liberals not only are in favour of grants to universities, but instead of merely saying it, they proved it by positive action. They seldom talked about autonomy in the Canadian House of Commons, but they respected it. What surprises me most in this debate is that the sponsor of this bill did not utter a word yet about the serious problems pointed out by the hon. member for Laurier in his clear and unambiguous speech, and which reflected our doubts and our fears concerning this measure.

Should the Minister of Finance decide to take part in this debate, I hope he will reply in detail to the serious and well-founded objections raised by the hon. member for Laurier.

Mr. Chambers: The Montreal *Star* did.

Mr. Brassard (Lapointe): Mr. Speaker, some people say that there is nothing seriously objectionable about this bill. Let me reply right now to the remark just made by the parliamentary secretary to the Minister of National Defence (Mr. Chambers), because I also read that article.

Mr. Speaker, I believe that the real objection, the serious objection we have to this bill, is the fact that, by federal legislation, the provincial government is compelled —and I am not referring only to that of Quebec, I refer to any other provincial government of Canada—if it wants to take advantage of that legislation, to hand back to the federal government part of the taxes it intends to levy through some legislation of its own, taxes that are levied for provincial purposes. That is the serious objection we have to this bill.

Mr. Speaker, I repeat that no one in Canada is more in favour of help and assistance to universities than the members of the Liberal party of Canada. I repeat—I am happy to do so because it will never be repeated enough—there are people here to whom it is necessary to repeat that truth before they even begin to understand—

An hon. Member: That is quite apparent.

Mr. Brassard (Lapointe): They have to be told over and over again before they even begin to understand. I repeat, Mr. Speaker, nowhere in Canada can be found better support for university grants than among the Liberal party. The Liberal administration has proved it, and the Statutes of Canada are there to prove it also.

Mr. Speaker, I am anxious to hear the hon. members for Chambly-Rouville and Roberval tell us, in a way that everybody will understand, what they think of the serious objections to this legislation that were raised by the hon. members for Laurier, Gatineau and other ridings.

Mr. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I have no intention whatsoever to embark upon an extensive discussion—

Mr. Eudes: What a pity.

Mr. Ricard: —of the legislation now before the house. As a layman, I would like, however, to make a few remarks and say what the people think of this legislation.

Mr. Speaker, I cannot help pointing out to you, that since the bill was introduced in this house, Liberal members have tried to make a lot of noise so that people might possibly forget the benefits which will accrue

to the people as a result of this bill. After all we must admit that, as a result of talks between members of the federal Conservative party and members of the Union Nationale who make up the provincial government in Quebec, an amount of $25 million held in trust by the Conference of Canadian Universities will now go to the citizens of the province of Quebec.

Mr. Speaker, I can understand my friends in the Liberal party looking to the conclusion of our discussion with bitter apprehension, especially as it is taking place when they are getting ready to launch a campaign to help their friends of the provincial Liberal party in view of the election on June 22 next. They knew they would meet with defeat, but after this last minute unkindest cut of all, that defeat will only be more blatant.

Our good friends from the Liberal party were worried about the way the members on the government side were going to act when this legislation was discussed.

Mr. Speaker, this is not the first time that opposition members, particularly Liberal supporters, display worry about us. They were quite worried on June 10, 1957 and March 31, 1958. In my opinion they did not have the least ground for worry.

We came here with very definite duties to perform. During the election campaign we promised to solve the problem of university grants, and we have indeed solved it in the end. We are not so vain as to claim that the bill is perfect, only opposition members, or Liberal party supporters, having any claim to perfection.

As we merely belong to the class of ordinary human beings, we can only do our best and our very best, knowing that past events and those to come on June 22 next will show that we have the fullest support of the province of Quebec, whether Liberal members like it or not.

We have to admit the facts. If my hon. friends opposite must go into mourning, they may be assured of all my sympathy.

At this stage of my remarks, I wish to refer to certain press reports dealing with the matter of assistance to universities.

In the Thursday, March 3, 1960 issue of *Le Courrier* of St. Hyacinthe, under the heading "Excellent news for universities and colleges", an article read:

> The Hon. Antonio Barrette, Quebec premier, and Yves Prevost, provincial secretary in his cabinet, have just given excellent news to the province of Quebec concerning university and secondary education.
>
> Speaking in the legislature last Thursday, the premier said he was confident that Quebec universities and colleges would be able to collect the $25 million that have been held for them by the federal government for several years, and that they had been unable to claim for reasons known to everybody.
>
> "We believe, said Mr. Barrette, that the $25 million in federal grants to our universities will come back to the province".
>
> He added:
>
> "As soon as I have received a final answer (from Ottawa) I will be glad to inform the house.

In the same paper, under the title "Political news", it was stated:

> The rights of Quebec concerning universities are recognized.
>
> Ottawa's offers of grants to the universities of the province will not be renewed, and the federal government recognizes the exclusive rights of Quebec in this field.

Those are a few statements I would ask my Liberal friends to read and reread and meditate, because if there is one person in the province of Quebec whose job is to look after the interests of the province, surely it is its present premier.

Mr. Speaker, before resuming my seat, I should like to quote from a few articles published in *L'Enseignement,* the official mouthpiece of the Corporation des Instituteurs et Institutrices Catholiques de la Province de Québec. On page 10 and 11 of the March 1960 issue, I find the following headings:

> $2,421,000 grant to normal schools and home economics institutes. Financial freedom for our educational institutions.

And underneath, the following subheadings:

> $20,000,000 to the universities
> $10,000,000 more to school boards
> $6,122,000 to classical colleges
> $340,000 to certain cultural and art societies

And in concluding, and to clear up any doubt which might still be entertained by the Liberal members, I should like to quote the last paragraph of an article which appeared in *Le Droit* of April 26 and in which Mr. Jean-Marc Poliquin, commenting on Bill C-56, concludes in this way:

> However, one thing remains, and that is that Bill No. C-56 protects an essential right of French Canada. From that viewpoint alone it deserves the support of the Quebec members.

Before resuming my seat, Mr. Speaker, I want to say again that we are not through

with the noise coming from the opposition benches, since they have been instructed from higher up to do whatever they could to try and make the people forget that we owe it to the Union Nationale on the one hand and to a Conservative government on the other hand if the question of university grants has been settled to the satisfaction of the people of Quebec after having been outstanding for some ten years, and that $25 million have been handed over all at once, to the institutions of higher learning in the province of Quebec.

Again, I offer my sympathy to my poor friends in the opposition, and I tell them: Give it up as lost.

(Text):

Mr. M. W. Martin (Timmins): Mr. Speaker, there is something significant in this bill that struck us in the C.C.F. Here for the first time, at least in recent history, we have been able to come to an agreement on a very thorny problem in this country. For the first time, apparently, the federal government and the government of the province of Quebec have been able to reach an agreement on one of the most important subjects affecting the citizens of Canada regardless of the province in which they live. I refer to the problem of education.

I recall many times in the past how the Liberals used to pillory a former premier of the province of Quebec, Premier Duplessis. He was the fly in the ointment, the reason why that province would never take advantage of the many proposals put forward by the federal government. It was obvious to many in this country why he would not co-operate. It was more profitable politically to cry wolf in the province of Quebec when it came to any agreement with the federal government. It was also obvious for many years that the Quebec government was far more interested in votes than in agreements with respect to this problem.

We now see another strange phenomenon coming about. We see that we have a new Duplessis growing up in the province of Quebec. I have here a copy of an article taken from the *Globe and Mail* of April 14, which reads in parts as follows:

> Quebec Liberal leader Jean Lesage said today that he will denounce the current federal-provincial agreement on the financing of university grants if his party takes power at the next general elections.

I do not know if he intends to denounce it only if his party takes power or if he intends to denounce it in any event. As I understand the legislation, it does not ram anything down anybody's throat. It is merely permissive legislation allowing the minister to enter into an agreement with any province that desires to do so. Why denounce the agreement only if the party comes into power? The article continues:

> Mr. Lesage said that the right given in the bill to the federal Minister of Finance to approve any arrangement between the provincial government and the universities constituted a most dangerous precedent in the field of provincial autonomy.

Shades of Duplessis. I have studied this proposal and fail to see how anybody could construe as a dangerous precedent in the field of provincial autonomy the fact that the Minister of Finance (Mr. Fleming) has the authority to approve an arrangement between the provincial governments and the universities. Surely this is under provincial jurisdiction. If they reach an agreement who is treading on whose toes if the federal government is authorized to approve it? Another portion of the article reads:

> Mr. Lesage said that this policy of federal-provincial fiscal relations would constitute a major theme of the Liberal campaign during the next two months.
>
> The Union Nationale will be attacked for not sticking to the autonomist position taken by Duplessis and Sauve in their relations with Ottawa.

Why did we hear the Liberals for so many years attack the position taken by Mr. Duplessis if they are now going to attack his successors for not following the position he took? What kind of monstrous farce is this?

For many years there has been a great game in this country played by politicians. The game consisted of making one political speech in Quebec and a different one in any other province. With the advent of television and the establishment of the C.B.C. in Canada the game is not as easily played as before because speeches of importance are telecast from coast to coast and one cannot indulge in double-talk and give both sides of the picture. This is particularly true with respect to the subject of education.

I submit that for 92 years we have coasted and quibbled with regard to education and I think it is time we stopped. This first agreement on the question is a good starting point and that is why the C.C.F. intends to support the bill on second reading.

I invite hon. members to consider how many qualified students have been denied opportunities for education in years gone by. Why? Because education has been a

political football kicked back and forth between the federal and provincial governments each saying it was the responsibility of the other. And because all the provinces could not agree, it was a good way of washing one's hands of the subject. I invite the house to consider the human resources that have been wasted as a result of our washing our hands of this problem.

Of course, we have been very lucky. While we have never tried to meet the problem or provide adequate opportunities for education to our students as they grew up, fortunately our educational system was no worse than the systems in other countries and so we had no real problems to face up to. But times are changing very rapidly. One has only to consider automation to realize that the standards of education which were adequate 10 or 15 years ago are no longer adequate today.

This afternoon we had an exchange between the Minister of Citizenship and Immigration (Mrs. Fairclough) and the hon. member for Essex East (Mr. Martin), I believe, with regard to unfilled job applications. I think there is something in what the minister said about many positions being unfilled at this time. Why is this so? Because our workers have not got the educational qualifications to fill them.

What are we doing about it? We are playing petty politics instead of getting on with the job. How many of our students are demanding educational opportunities today while we sit here and kick this matter back and forth? I see that the Quebec election battle is going to be fought on the basis of the same old worn out excuse on which elections in Quebec have been fought for the last number of years. Do we realize, Mr. Speaker, that while we indulge ourselves in these political antics immigrants coming into this country are better qualified to fill jobs than our own people born and raised here? Do we realize that this situation is going to worsen unless we stop bickering and playing petty politics and get on with the job of increasing educational facilities and educational opportunities for our children?

Last but far from least, Mr. Speaker, are we going to sit back and ignore the warnings from behind the iron curtain that were so well put before the house by two members on the government side last year? Can we afford to do this? Are we still going to quibble and play party politics?

The British North America Act sets out very clearly provincial and federal rights with regard to education but unfortunately it does not set out the responsibilities as clearly as it should. It is the responsibility of each province to provide educational facilities and because some provinces are richer than others it is the responsibility of the federal government to see that each province is able to carry out its educational responsibilities. As I said before, in the past there has been no over-all agreement. We have been content to pass the buck back and forth. The attitude has been, anything for an excuse, let us shut our eyes and avoid the inevitable for a few years longer and maybe we can win another election by doing so.

I say that we have a far greater responsibility with regard to this problem. I say that this welcome step is the first step we have seen for a good many years in this field. I say it is time that provincial and federal elected representatives started to place national and human interests ahead of immediate political ambitions. I say it is time that we got on with this welcome first step and go on from here to even greater steps in the future.

(Translation):

Mr. Louis Fortin (Montmagny-L'Islet): Mr. Speaker, my remarks will be brief, because what is well understood can be expressed in few words.

The problem of federal subsidies to universities is one of vital importance in my province, and has been for close to 20 years. It involves, as we all know, an intrusion of the central power into the provincial field. Under section 93 of the B.N.A. Act, only the provincial legislatures have jurisdiction in educational matters. It can be truly said that until the publication of the Massey report on June 1, 1951, the federal government had never committed a constitutional sin in that respect.

The Massey commission, which on the whole did quite a good job, suggested in its report that the federal government should make a financial contribution to the work of universities every year. The commissioners put it that clearly. That was reason enough for the Liberal government of the time to accept this unwarranted suggestion, and shortly after, it started making annual inroads into the field of education.

From that point of view, it can be said that the government which preceded the present government was a second offender and persisted in its constitutional sin. There were ministers in Quebec who defended such a

policy. Among them, I would mention the former minister of northern affairs and national resources, Mr. Jean Lesage, who in the meantime has changed his tune and is trying to go into reverse. However, a choice replacement was found in the person of the hon. member for Laurier (Mr. Chevrier) who has been making sudden and occasional T.V. appearances in Quebec. Let me say, however, that I think his national patriotic speeches have a hollow sound: he is a bit like a banjo player in a symphony orchestra.

To set the problem in its proper perspective, it must be remembered that very few countries enjoy the advantages of two cultures. In that respect, Canada is a privileged country.

In fact, because of historic events which have made Canada what it is today, we enjoy French culture with all its beauty, its richness, its dignity and its greatness. At the same time, we enjoy Anglo-Saxon culture in all its beauty, its richness, its dignity and its greatness. Each in their own sphere, French speaking and English speaking Canadians can benefit by developing their cultures whose full flowering can only enrich our national heritage.

To get this full flowering, Quebec universities, which are the guardians of French culture in America, need greater financial assistance. And who could legally give it to them? We find the answer in section 93 of the British North America Act: Only the provincial legislatures, since they have exclusive jurisdiction in the field of education.

I do not think there are right minded people, with the exception, perhaps of the hon. member for Megantic (Mr. Roberge), who would say that universities are not included in this field. If this is a responsibility of provincial legislatures, they need adequate financial means to discharge it. So, what did the Quebec government do in order to be able to give financial assistance to our universities? During its last session, the Quebec legislature raised the corporation income tax by 1 per cent. The sums produced by this increase will enable Quebec universities to receive the financial assistance they are entitled to. The present federal government, always anxious, and may I repeat that, always anxious to respect the autonomy of the provinces, refuses to remain any longer, against the will of the province, in the field of education, and will grant a similar deduction from its own tax. In other words, the federal government is gradually withdrawing from a field which is not its own, and which was invaded in 1951 by the Liberal government.

On behalf of the citizens of Quebec, I commend the present federal government for showing great understanding and an admittedly fair mind.

I know you will realize, Mr. Speaker, that the member for an historic county like Montmagny-L'Islet, wants to pay a disinterested tribute to the man who is now the premier of the province of Quebec and who, today, picks the ripe fruit of the long and difficult struggles led by his illustrious predecessors. Yet, I am sure that, if the Quebec government had formerly been able to count on the comprehension and co-operation of the Liberal government, it could have settled the problem quite as beneficially. Because of its arrogance and stubbornness, the Liberal government found itself, so to speak, in an extremely difficult position. How many great men fought all their lives, and even died, before reaping the fruit of their efforts.

Mr. Speaker, about a week ago, the hon. member for Laurier honoured us with a visit. He spoke on television, in a program entitled: "The Nation's Business". Besides, one finds that he is about the only Liberal member to appear on the French network. I do not blame him for wanting to make himself known among our people but his frequent appearances might suggest that he is somewhat hard to sell.

The last time he appeared on television the hon. member for Laurier told us that Bill No. C-56 was the worst encroachment on provincial autonomy. He said that by this Bill No. C-56 the federal government was saying to the legislature: "You will increase the corporation tax by 1 per cent. The hon. member knows very well that this is not true. If he does not know, let him examine the text of the bill and study it carefully. If he knows that he is not speaking the truth, why does he come to the province of Quebec and say things which are, to say the least, contrary to the truth? The fact is that the Quebec legislature voted its bill increasing the corporation tax without being the least concerned with what the federal government would do. The Hon. Antonio Barrette formally said so in Montreal, on April 19 last. To avoid double taxation and, as I said, out of regard for the autonomy of the provinces, the federal government will grant a 1 per cent deduction on its own tax. I wonder who could criticize it for that?

I listened earlier with great interest to my very good and long time friend, the hon. member for Lapointe (Mr. Brassard). He said, at one point, that the proof that grants to universities are constitutional and legal is that they were accepted in 1951 by the province of Quebec.

Let me remind him of a minor principle of law that he must have learned when he was a law student in Quebec. He says that in the matter of evidence one must of necessity abide by the principle of preponderance. Correct, the province of Quebec tentatively accepted university grants the first year. However, when the province refused them the following year, and has refused them ever since, the preponderance of evidence is to the effect that it had come to the conclusion that the experiment made in 1951 had not proved to be a useful compromise under those conditions.

I also heard the hon. member exclaiming while speaking about his late protector Mr. Duplessis, that he had never accepted any compromise. Let me tell him that there is one very simple reason why the then premier of Quebec never accepted any compromise; it is because he knew how dangerous it is to compromise oneself with a Liberal government.

To conclude, Mr. Speaker, may I tell you that we breathe more freely in our province since the government of Quebec can rely on the comprehension and the co-operation of the federal Conservative government.

The era of liberal arrogance and of the "take it or leave it" attitude of Mr. St. Laurent is now a thing of the past, and we already see on the horizon a future full of splendid promises which will represent a precious contribution to the full achievement of that national unity which we desire and which will enrich our national life and make it worthy of the most noble traditions—as the Prime Minister of Canada stated when General de Gaulle visited our country—of both our mother countries, France and Great Britain.

Mr. Maurice Bourget (Levis): Mr. Speaker, there are two proposals in the bill now before this house. The first one has to do with an increase from 10 to 13 per cent in the provincial share of personal income tax. It will be recalled that the increase came into effect in January 1958 and was announced by wire to the provinces. The object of this bill is to keep the increase in force up to March 31, 1962 or for two more years.

The second proposal concerns arrangements on grants to universities, concerning which the Minister of Finance (Mr. Fleming) stated that the amendment is to provide for the payment of grants to universities equivalent to $1.50 per capita in each province.

Let me state forthwith, as did the hon. member for Laurier (Mr. Chevrier) on April 26 last, that I am in favour of the first proposal. However, I think it proper to point out that, since the Conservatives came into power three years ago, nothing was changed in the Federal-Provincial Tax-sharing Arrangements Act, except the 3 per cent increase in private income tax which enables us to say that under the Conservative administration we have autonomy at 3 per cent.

Since June 1957, three federal-provincial conferences have been held, but each of them almost uselessly because every time the premiers and the ministers of finance of the ten provinces went back empty-handed. I am not the only one to make this statement. An editorial in *Le Soleil,* for October 17, 1959, was entitled:

Useless Conference.

The article reads as follows:

Gathered in Ottawa to discuss with the federal Minister of Finance problems concerning the tax-sharing arrangements, the ministers of finance of the ten provinces of this country and the few premiers who came along with them, went back empty-handed forty eight hours later.

If they had any hopes before entering the conference room, they did not keep them long. Mr. Fleming hastened to tell them they would not be getting anything more because the country's financial situation made it impossible.

The article goes on to say this, and rightly so:

Was it really necessary to disturb all those people? Would it not have been simpler to cancel the conference and to inform each provincial minister of finance by mail to expect nothing more from the federal treasury? In this way, there would have been no loss of time, no wasteful expenditures, no useless travelling.

The representatives of the provinces did not hide their disappointment and their displeasure.

We are being told that another federal-provincial conference has been set for next July, on the 25, 26 and 27. However, judging from past conferences and the statement made by the Minister of Finance on April 26, 1960, as recorded in *Hansard* page 3278 of that day:

The matters to be submitted to the conference will concern financial relations between the dominion and the provinces in the period following March 31, 1962.

We must therefore conclude that no change will be made in the tax-sharing arrangements between the dominion and the provinces before March 31, 1962.

And yet, Mr. Speaker, that is not what the Conservative party gave us to understand during the electoral campaign of 1957 and 1958. The present Prime Minister said at St. Patrice de Beaurivage, in the province of Quebec, on May 30, 1957, according to a report in the June 1, 1957 issue of the daily newspaper *Montréal-Matin,* and I quote:

> The head of the Conservative party tackled another serious problem: that of fiscal federal-provincial relations. "Everybody admits", he said, "that relations between Ottawa and the provinces are bad, and that they are not satisfactory either to provincial or to municipal administrations. The federal government is rich, but the provinces and the municipalities are poor, and they cannot continue to assume their responsibilities.
>
> "To resume the attitude of our party", he stated, "I repeat what I have said at the start of the election campaign: We guarantee provinces and municipalities a greater share of the money raised by taxes.
>
> We shall thus give provincial governments the means of shouldering their important constitutional responsibilities and of furthering the development of our natural resources."

I might, Mr. Speaker, quote many other statements along this line, made by the Prime Minister and his candidates about fiscal arrangements during the 1957 and 1958 elections; but I think that the one I just mentioned will be enough to show that the Conservatives always acted grandly in their promises but rather poorly when it came to carrying them out.

Is it not pitiful to see a government, which, with the help of its friends in Quebec, organized two campaigns against the fiscal formula of the St. Laurent government, doing absolutely nothing today but modify some figures very slightly, which the Liberals might have done too, as one of the main merits of that formula was the possibility of periodical adjustment of standards according to the needs of the hour.

The greatest sin of the Conservatives is not their present reluctance to solve the fiscal problem; it is the boldness with which, for the sole purpose of grabbing power, they made to the people, in two elections, extravagant promises they are now unable to fulfil.

Nothing is easier to understand than the reason why the Conservative government does not solve the fiscal problem: it is because the Liberals have solved it as much as they could, at the time, and the Conservatives are absolutely unable to find a more efficient and fairer formula than that adopted by the Liberals.

Through work and intelligence, the St. Laurent government had developed a fiscal formula which was severely criticized by his opponents, but will remain in force as long as a better one has not been found, and none is yet in sight.

On this subject, I should like to quote from an article by Gerard Morin, which appeared in *Le Droit* of Ottawa for July 8, 1959 under the heading: "No new contribution from Duplessis at the conference." This refers to the conference of the committee of Canadian finance ministers and treasurers, held in Ottawa in early July of the same year. I quote:

> It seems that the federal Conservative government, which in principle is friendly to the government of the same party in Quebec, is not an inch closer to an agreement with Mr. Duplessis than the former government. In fact, the Conservatives have made no change in the Liberal doctrine of tax agreements, which the present Quebec government has always described as a centralizing doctrine.
>
> Mr. Duplessis, in his Monday night press conference boasted of having repeated the same thing he had said for about 15 years in Ottawa, that—

And this is for the information of the hon. member for Sherbrooke (Mr. Allard).

> —that Ottawa was robbing Quebec.
>
> And to a reporter who asked Mr. Duplessis if he had made constructive suggestions to the conference, he answered with his usual wit: "When someone robs us, nothing is more constructive than to claim back the amount that was robbed."

Mr. Speaker, as I said earlier, those words were said not only at the time of the Liberals, but after the provincial treasurers' conference held early last July. Our Conservative friends, more particularly in Quebec, are therefore—after this last remark of their political idol in July 1959—unable to claim that they have brought about any change in the formula set up by the Liberal party, which they denounced so loudly and which they were to change so quickly. They therefore have to admit their complete failure on that point. It was indeed stated by Lorenzo Paré, parliamentary correspondent of *L'Action Catholique,* in a report published in that paper on November 26, 1957, the day after the first federal-provincial conference, and I quote:

> If some people still pretended to believe that the coming of the Diefenbaker government would bring about a reversal of fiscal and financial policy in Ottawa, the end of the system of grants to the provinces and a new concept of constitutional relations; the illusion they nurtured would have disappeared yesterday.

Not only does the centralization of the three major taxes remain the basis of federal policies, but those policies are more immediately directed to the fields where provincial jurisdiction was until now undivided.

Mr. Speaker, I do not say that the formula advanced by the Liberal government was perfect and that no changes should be made to it. It should certainly be studied again with a view to improving it and to making it more suitable to the needs and conditions which have changed tremendously since confederation days. But such a complex problem in a country like ours, cannot, to my mind, be solved as long as we do not decide to approach it with an open and constructive mind and acting with reason and frankness. It seems to me, that on such a vital question, we should all have a common ideal, to work for the greatness and advancement of our municipalities, provinces and our country as a whole.

Now, Mr. Speaker, I should like to say a few words about the second proposal included in this bill, that is, the one concerning university grants.

It has been pointed out during this debate, and even in previous debates, that, for several years, higher learning in Canada has been faced with a very serious financial situation, which was approaching a state of crisis, in the sense that it could no longer fulfil its role in this field. I think I can say we are unanimous on this point.

Faced with such a situation, the government of Mr. St. Laurent rightly decided to help solve that crisis. Therefore, during the 1951 session, it arranged for the adoption of yearly grants to universities, on the basis of 50 cents per capita. Those federal grants to universities were accepted by all parties then sitting in the house, and afterwards by all provinces. Furthermore, those grants, as we know, are made directly to universities recognized as such by provincial governments.

After allowing the universities of the province of Quebec to accept that assistance for the first year only, the provincial authorities in my province withdrew that permission in 1952, under the pretext that they were afraid it was a first encroachment upon the exclusive jurisdiction of provincial legislatures in the field of education.

All members who were sitting in this house in June 1951, when that assistance was announced and adopted on the thirtieth of the same month, will recall that the leaders of the two major parties, while recognizing the jurisdiction of the provinces in the field of education, admitted that the formula was constitutional. Mr. St. Laurent, in announcing the measure, said this, as recorded on page 4278 of *Hansard* for June 19, 1951, and I quote:

I might add that in making these recommendations to parliament it is intended to avoid any possible suggestion that we are interfering in any way with the policies respecting education in the respective provinces.

On the thirtieth of the same month, in the discussion on item 690, which dealt with grants to universities, here is what he said, as recorded on page 5021 of *Hansard*:

What is intended is that all the institutions, authorized by provincial legislatures to grant degrees, would be recognized as of university level

Now here is what the then Conservative leader, Hon. Mr. Drew, had to say, as recorded on page 4278 of *Hansard* for June 19, 1951:

Mr. Speaker, I am sure hon. members generally will welcome any measure of assistance given in this way to the universities of Canada... on behalf of the party I have the privilege to lead I proposed some time ago that these grants should be made as soon as possible—

Mr. Speaker, I think those words clearly show that there was perfect unanimity on the federal government's right to award grants to universities. As you know, such grants were unconditional and in no way contrary to section 93 of the constitution, which provides that: "In each province, the legislature may exclusively make laws in relation to education". In voting that estimate, parliament in no way claimed the right to legislate in the field of education, or to determine the curricula or define the school attendance requirements to which their citizens would be subjected.

Nor did it impose a direct tax in the province in order to obtain revenues for school purposes. All the federal government was doing was to offer grants to universities from the consolidated revenue fund of Canada.

It seems to me that, under the circumstances, I can join with others, even if I am not known as an authority in this field, in saying—

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

Mr. Bourget: I have no objection. I will first finish my speech and, once I am through, I will be glad to answer your question.

Therefore, I can say with many others, without being an expert in constitutional matters, that those federal grants had no effect whatsoever on the autonomy of the

universities or the provinces. Besides, it is because of that same right that the federal government makes equalization payments to provincial governments, helps in financing hospital construction, helps in technical and professional education, these latest grants having been accepted by the province of Quebec from 1945 to 1958.

Why then would the grants paid to the universities by the Liberals be bad, while the others I just mentioned are accepted? If the Quebec government believes that those grants which have been paid for nine years, now, are unconstitutional, why did it not challenge their legality before the courts?

This question has to be answered by the Conservative members.

In his speech of last April 26, the hon. Solicitor General (Mr. Balcer) said this, as reported at page 1 of the appendix to *Hansard* of that day:

Besides, why should we have entrusted to provincial governments the exclusive power of looking after education, if the educational system had been the same in all the provinces which were to become members of the confederation?

Well, Mr. Speaker, I think it is agreed that the fathers of confederation placed education under the exclusive control of the provinces, probably with a view to safeguarding both English and French cultures. But to this moment, nobody has shown yet that the federal grants to universities, as conceived by the St. Laurent government, could be a threat either to the French culture or to the English culture, or even to the various religions in Canada.

Let us talk now about the new system proposed by this government. I feel that it would be useless to repeat the sound arguments presented by the hon. member for Laurier (Mr. Chevrier) in the remarkable speech he made on that question, last April 26. He made it clear, I think, with references to various legislations and judgments of the Supreme Court of Canada, that certain parts of this bill can constitute the worst interference ever attempted by a federal government into the affairs of a province.

Besides, he is not the only one to entertain such views. I have here an editorial written by Mr. Gerard Filion in the Montreal newspaper *Le Devoir* of January 16, 1960, which reads as follows:

The Diefenbaker proposal, it should be remembered, is worse in its principle than the Liberal government's formula. That one, at least, set no conditions to universities or to provinces. Money was paid out and that was all. Whereas Mr. Diefenbaker is willing to have the provinces collect a certain amount of money, provided that it be used a certain way and not beyond certain limits.

I also have another item from Quebec's *Le Soleil*, dated December 18, 1959, which has the following heading:

The Diefenbaker proposal is deemed unacceptable by the Montreal chamber of commerce.

May I now quote a few paragraphs from an item headed:

Direct Interference

Furthermore, it brings about direct interference by the federal government in provincial matters by telling the provinces how they are to use their own tax money. It is, therefore, no uncertain breach of a constitutional principle to which Quebec holds fast.

One could even say that by accepting the method suggested we should be worse off than before. Federal grants to universities at the present time, though questionable from the constitutional standpoint, involve no interference in provincial jurisdiction.

It might well be pointed out at this time that the Conservative party arrived at this solution only after two years and a half in power, and yet its own supporters in this house called it a poor arrangement and an imperfect formula. I rather think that if those involved and all the students in the province had not pressed the government into action and, moreover, if this had not been a provincial election year, the Conservative party would have kept on distributing university grants according to the St. Laurent formula.

I also wonder how the Conservative members from the province of Quebec who consider Mr. St. Laurent's formula as infringing upon provincial autonomy can vote for the bill in which that same formula is included.

In an article written in the newspaper *La Presse* by its Ottawa correspondent Mr. Amedee Gaudreault on January 25, 1960, I read this:

The bill including the Diefenbaker formula concerning federal grants to universities, after the letter sent by the Hon. Antonio Barrette to the Prime Minister of Canada, is expected to force the 50 federal conservative members from Quebec to do some soul-searching in comparison to which the hesitations and abstentions of last year on the fiscal agreements and the trans-Canada highway will seem trifling.

Mr. Speaker, I find it strange, like many people from the province of Quebec, that Mr. Duplessis' followers in this house can talk about compromise when autonomy is concerned, because Mr. Duplessis always said that he would never permit autonomy to be crucified even on a golden cross.

If for many years the Union Nationale leaders and their friends from the province of Quebec had cast aside petty politics and emotionalism and had shown more common

sense and especially more frankness, they would not have to accept today such a humiliating compromise.

I need not point out, Mr. Speaker, in closing my remarks that the Liberals' attitude towards federal grants to universities has not changed.

They are in favor of those grants unconditionally. Whether they are distributed by the Canadian Universities Foundation or, as the member for Laurier suggested, by a provincial council of universities, is of no importance, but I raise serious doubts as to the constitutionality of the formula introduced in this bill.

I hope that the Minister of Finance (Mr. Fleming) will clear up the serious doubts raised about the constitutionality of some clauses of this bill.

Mr. Fleming (Eglinton): Would the hon. member permit a question?

Will the hon. member vote for the bill or against it?

Mr. Bourget: The Minister of Finance asked the same question of the hon. member for Laurier.

Mr. Fleming (Eglinton): And I am waiting for an answer.

Mr. Bourget: Be a little patient. He made an altogether intelligent reply—

Mr. Johnson: An altogether absurd reply.

Mr. Chevrier: Just like you, you are absurd yourself.

Mr. Fleming (Eglinton): Will the hon. member answer my question?

Mr. Bourget: The Minister of Finance must note that I put a question to him. He did not answer the hon. member for Laurier.

I shall also tell him this. Remove the doubts about the articles which according to those who know the constitution, seem to give rise to serious objections about the constitutionality of certain sections of this act. Besides, I am not the only one to hold this view. My friend the hon. member for Sherbrooke (Mr. Allard) showed it this afternoon when he spoke on the bill.

Mr. Fleming (Eglinton): You don't know what to answer now.

Mr. Allard: Will the hon. member allow me a question?

Mr. Bourget: Certainly.

Mr. Allard: If the hon. member for Levis claims that the federal government has a right to subsidize Canadian universities, could he tell the house on what specific sections of the British North America Act he is basing his opinion?

Mr. Bourget: There are not any at all. And the hon. member for Sherbrooke did put this question before. There is no more provision in this regard in the constitution than there is for authorizing equalization payments to the provinces according to the formula adopted and maintained by your government and which was so intelligently established by the Liberal party that was in power before the present government.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I take this opportunity to congratulate the Minister of Finance (Mr. Fleming) who today not only shoulders his own responsibilities but also those of Prime Minister. The hon. member realizes that we have a constitution. In contrast with the Liberals, he recognizes that provinces have rights of their own. Moreover, he does much to unite the main elements which constitute our nation and to improve the conditions existing between our central government and provincial governments.

Mr. Speaker, this is not the least surprising, for the Conservative party, under the present leadership of the Right Hon. John Diefenbaker, has done a lot since confederation, and is still doing a lot, in order to ensure a better understanding of provincial rights and to maintain good will between the central government and all provincial governments.

(Text):

It would seem to me that in a day and age when government is becoming larger and larger at all levels, federal, provincial and municipal, and when the government itself at each of these levels is, perhaps, intervening in our daily lives to a greater and greater extent, we in this House of Commons should devote great attention to what are generally described as dominion-provincial relations.

I have not as yet reached the exalted position, which it seems to me some of the hon. members alongside me have reached, of quoting past speeches that I have made in this house, but I would simply like to say that I pointed out during the budget debate that one of the real differences which divide the two main parties in this chamber relates to dominion-provincial relations.

I pointed out in my speech on that occasion that our party places a great deal of emphasis on what is termed, for lack of a better expression, local self-agency. This idea has a universal application to Conservative principles. I fully realize that we cannot import into Canada political doctrines from nations abroad, but we do not all have to be students of history to look at the problems of the Liberals in the United Kingdom and the trouble the opposition had there not so many

years ago. I do not intend to embark on a Port Arthur type lecture in this House of Commons. Nevertheless, we realize the trouble the United Kingdom got into at the end of the last century when the Liberals over there tried to centralize affairs in London. Again, I am not suggesting you can import political doctrines, but it would certainly seem to me in the light of modern past experience in this country that the Liberal party, even though hon. members of that party do not like to admit it, have inherited a great deal of the whig's centralizing traditions of the past.

Only the other day the Leader of the Opposition (Mr. Pearson) was asked down in Washington why the Liberal party was turned out of power. He gave as his answer that the Canadian people became bored with perfection. I am certain that many hon. members on this side of the house at least are going to have a great deal to say about the remark made by the Leader of the Opposition perhaps in a moment of carelessness, outside the borders of this country. Let me reiterate right now: I see nothing that smacks of perfection regarding the Liberal party's attitude and performance in relation to dominion-provincial relations as such.

I well remember during the last session of parliament that the Leader of the Opposition showed notable chagrin and was extremely annoyed when an hon. member on this side of the house brought up the fact that in order to unite this country in a true fashion we had to recognize the fact that various provinces had different attitudes. In other words, the word "diversity" was used. The Leader of the Opposition was highly annoyed that the subject had even come up in the House of Commons. His annoyance was heightened by the fact that we suggested that everybody should recognize the diversity of the provincial elements making up this country from coast to coast. Let him be annoyed and chagrined but the facts are these, that the divide and rule policies and programs carried out by the Liberal party in this house and throughout the country during the past years and that party's centralist tendencies leave absolutely no room for the recognition of provincial diversity. As a matter of fact the centralist tendencies of hon. gentlemen opposite—and this is an important principle to get over and underline during this present debate—tend to dragoon Canadians in the name of uniformity.

I would be the first to admit that during the war years and post-war years we had emergencies and semi-emergencies with their obvious accompanying centralizing effects. We do not have to read many periodicals and indeed we have only to look abroad to see that certain political leaders and statesmen are trying now to create emergency or semi-emergency conditions in order to centralize powers.

The hon. member for Essex East (Mr. Martin) often wonders why I changed my political allegiance. I can only say to the hon. member that I was never one who subscribed very much to the Howe theory of eternal emergency with its centralizing effects, another concept which I think hon. members alongside do not like to have brought up again and again, but I believe the time has come when they have to admit the basic policies that they adopt in relation to the problem of dominion-provincial relations. We know of one hon. member of the other place who mentioned the fact that his party adopted a policy of pragmatism and expediency and this applies to their attitude in this field.

I do not think the Canadian people will ever forget the debt they owe to the opposition of that time for their performance during the emergency powers debate not so many years ago when complete powers forever were asked for in this Canadian House of Commons—

Mr. Martin (Essex East): Does my hon. friend remember that on that very occasion the Minister of Finance (Mr. Fleming) disgraced himself to his lasting disadvantage?

Mr. Grafftey: Mr. Speaker, that is a misstatement—

Mr. Speaker: Order. I see two hon. members standing.

Mr. Chevrier: Mr. Speaker, on a point of order, Your Honour should have been here a while ago to see the circus we had in your absence when hon. members were interrupting from all sides of the house.

Mr. Grafftey: Mr. Speaker, I must reply to the effect that the hon. member for Essex East has made another of his famous misstatements of fact with regard to the Minister of Finance.

Mr. Chevrier: The hon. member stated the truth.

Mr. Grafftey: On a question of privilege, Mr. Speaker, my veracity has been challenged—

Mr. Chevrier: Oh, no.

Mr. Grafftey: Well, I withdraw the question of privilege, Mr. Speaker. Nevertheless it is interesting for me to note that apart from the present formal debate we are having in this House of Commons, it is usually the hon. member for Bonavista-Twillingate

(Mr. Pickersgill) who sallies forth into the waters of dominion-provincial relations. I have noticed that not too many of the hon. members on the front benches of the official opposition—not even the hon. member for Essex East with his usual expertise—has ventured forth into these waters.

Mr. Martin (Essex East): The hon. member for Essex East has been sick.

Mr. Fleming (Eglinton): I think he is still sick.

Mr. Grafftey: I believe it was during the resolution stage of this debate that the hon. member for St. Jean-Iberville-Napierville (Mr. Dupuis) brought the following set of facts to the attention of hon. members of this house. He said that when the Liberal party was in power and was advocating the acceptance by the provinces of university grants all hon. members supporting the party of which I am a member said they were no good and that this should not be done. Today the hon. member claims that the present government made up of hon. members of the Progressive Conservative party is advocating the acceptance by the provinces of university grants and now we say they are all right. To a large extent the statement made by the hon. member is correct because during the time of the Liberal reign they tried to superimpose their will on the provinces with a take it or leave it attitude. There was no acceptance method worked out through consultation with the provinces. Just as they forgot the people of the country, they forgot the necessity of consultation on questions of this real and grave importance. Today the difference is that an acceptable method has been worked out by consultation with the provinces—

Mr. Pickersgill: By telegram.

Mr. Grafftey: —by a party that realizes the provinces have their constitutional rights. That is the difference, Mr. Speaker. For that reason I will admit that a lot of what was said by the hon. member for St. Jean-Iberville-Napierville was correct, but I want to tell the hon. member why today we are in essence supporting this bill as opposed to the attitude we took while in opposition.

Mr. Martin (Essex East): It is because you have a strong whip.

Mr. Grafftey: We have a very excellent whip, Mr. Speaker, who is appreciated and enjoyed by all hon. members of this party of which I am a member. I suggest he perhaps does not use the same dragooning techniques that characterized some of the whips of the previous Liberal administration because I understand that in past days the backbench members of the Liberal party in this house were not too much encouraged by Mr. Howe to get up and express themselves to any extent.

Mr. Pickersgill: How many dissenters are there in the hon. member's party now?

Mr. Grafftey: Pardon?

Mr. Pickersgill: I asked the hon. gentleman, Mr. Speaker, if he would name the dissenters there are in his party right now, apart from the hon. member for Restigouche-Madawaska (Mr. Van Horne) who has been practically kicked out of the door.

Mr. Grafftey: We are a united team, Mr. Speaker, going ahead together in the best interests of our country. May I call it six o'clock?

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I inquire what the business is for tomorrow and Friday? I understand it was announced yesterday and I presume there is no change but I wonder if the house leader would be good enough to indicate what we might be doing next week.

Mr. Churchill: Next week's program, Mr. Speaker, I think could be more properly announced tomorrow night. For tomorrow, Thursday, this debate will continue. If it is terminated we will take the budget resolutions. On Friday we will take the estimates of the Department of Agriculture.

Mr. Winch: May I ask whether since last night any consideration has been given as to when the debate on the abolition of capital punishment will continue?

Mr. Churchill: The date will be announced in due course.

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

HOUSE OF COMMONS

Thursday, May 5, 1960

The house met at 2.30 p.m.

THE LATE WILLIAM L. HOUCK

TRIBUTES TO DECEASED MEMBER FOR NIAGARA FALLS

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, all hon. members of this house have been deeply saddened by the news that since we rose last evening death has claimed one of the members of this house, namely William Limburg Houck, the late member for Niagara Falls.

Every one of us recognizes that in the death of Mr. Houck this country has lost a devoted public servant who in his service in this chamber was always animated by the highest purposes. He entered this chamber in 1953 and was re-elected at the general elections of 1957 and 1958. It is no exaggeration to say that he was one of the most popular and most respected members of this house. This parliament is much the poorer for his passing.

The country has likewise suffered a loss in other respects. The late Mr. Houck was not born in Canada. He had come to this country from the United States. He was educated in that country, and was a graduate of Cornell. He settled in the city of Niagara Falls and over the years had rendered distinguished service not only in his community but in the province of his adoption. He was elected to the Ontario legislature for that riding in 1934 and served as an elected member in the legislature until 1943. From 1937 to 1943 he was a minister without portfolio in the Ontario government and vice-chairman of the Hydro-Electric Power Commission of Ontario.

In his community also he enlarged his service in the years from 1947 to 1950 when he served as mayor of the city of Niagara Falls. His community, the province, the country and this parliament have suffered a loss that all of us will feel very keenly.

May I be forgiven one personal remark, Mr. Speaker. I had known Mr. Houck personally for many years, and I think I can say that there existed between us a bond of warm, personal friendship. I am sure there are many other hon. members who had the same warm, personal feeling toward Mr. Houck and who had enjoyed something of the warmth of his friendship and his delightful personal attributes, including his ever-manifest kindness. All of us in that respect are conscious of our personal loss.

On behalf of the government, Mr. Speaker, I extend to the Leader of the Opposition (Mr. Pearson) our special condolences on the loss he has suffered, and I doubt not that I speak for all hon. members of this house, indeed for the Canadian people, in extending to the widow and daughter of our late and highly esteemed member our sincere sympathy in the crushing loss which has fallen upon them.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, on behalf of the members of our party and on my own behalf I would like to thank the Acting Prime Minister for what he has said, and to express to him our appreciation of the way he has said it.

Our hearts, Mr. Speaker, are heavy and sad on this bright and sunny spring day because we have all lost a very dear friend. As the Acting Prime Minister has said, Bill Houck was a man whose whole adult life was spent in public service to his city; and we in the house remember how he loved his city, Niagara Falls, and how impossible it was for him to make a speech in this house on any subject without bringing Niagara Falls into it. He devoted himself to his city, to his province and to his country; not the country of his birth, as the Acting Prime Minister has said, but the country of his choice. He included in this service—and he himself would put it very high in service—the promotion of friendship and good neighbourliness between his two countries.

Because of his service Bill Houck was greatly admired and respected, and because of himself he was greatly loved. Few men have had more friends, and no man has deserved them more. In political life he was a loyal and devoted member of his party. You could always count on him; but he was no narrow partisan, and his friendly feelings recognized no party line. That, of course, is the way it should be. His interests were as broad and deep as his friendships, and he was always anxious to help in any good cause. He will be greatly missed for a very long time, and will not be forgotten by those who had the great privilege of his friendship.

The late W. L. Houck

Mr. Speaker, I join the Acting Prime Minister in extending to Mrs. Houck, whose quiet and deep affection and loyal and unselfish support sustained him over so many years, and to his family our most heartfelt sympathy in their great loss.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, this is one of those sad and difficult occasions which come far too frequently to the House of Commons. We have lost a member of this house who was truly beloved by all hon. members in all parts. This man was exceedingly kind in all his relations with members of his own party and with members of other parties in this house. His was a life of unselfish and devoted service to his country, service which ranged from the municipal level as mayor of Niagara Falls and a long and distinguished service in the Ontario legislature to distinguished service over a number of years in the Canadian House of Commons.

It was my privilege—and I feel the better for it, because of my experience—to be among the delegation from this house which went to Washington last year and which included Bill Houck among its members. During that occasion we came to know one another better. We saw him during all the discussions putting forward very sincerely, very conscientiously and very ably the Canadian point of view.

We extend to Mrs. Houck, to her daughter, and to the leader and members of the Liberal party our sincere sympathy. Canada today lost a very distinguished citizen.

Mr. W. H. McMillan (Welland): Mr. Speaker, I join our leaders in paying tribute to the memory of a deskmate, a good neighbour and a true friend.

Bill Houck gave many years of his life to public service and, as has been said, he served his area well. He served it with distinction and great ability as mayor of Niagara Falls, then as a member of the Ontario legislature and latterly as a member of this House of Commons. Because of his great interest in power development it was very natural that he should be appointed as minister to represent the hydro electric power commission in a former government of Ontario. Born in the United States and graduated from a university there, he was always very loyal to his adopted country and to our institutions. He was possessed of those fine qualities which made him a friend to everyone.

We all deeply mourn his passing, and I join with all hon. members here in sending condolences to Mrs. Houck and her family.

Mr. J. M. Forgie (Renfrew North): May I be allowed to say a few words on this mournful occasion. I am sure it came as a shock to everyone in this house to hear that Bill Houck had passed away early this morning. We came into the house together in 1953 and shared the same office until his recent illness.

Bill had no enemies; he was gracious, unselfish, kind, no matter whether it was in his private life or in his political life during which he gave commendable service on three levels as has been already stated. May I take this opportunity of expressing my deepest sympathy to Mrs. Houck and the family in this irreparable loss.

Mr. G. H. Doucett (Lanark): I should like very much to associate myself with those hon. members who have expressed their very deep sympathy in the loss of the late member for Niagara Falls. I had the pleasure of being associated with him over many years in the Ontario legislature and again here in the House of Commons. I can only corroborate those words which were so well spoken by the hon. member for Welland (Mr. McMillan) and others as to Mr. Houck's outstanding qualities of citizenship and the efforts he put forth while serving as minister without portfolio in the Ontario legislature to co-operate with each and every member of that body.

Mr. John Smith (Lincoln): Mr. Speaker, I would be remiss if at this time I did not rise on behalf of the people of my constituency to express my own personal regret and also the regret of my people at the passing of Bill Houck. Bill's riding was very close to mine. He was a very great personal friend of mine and also an active supporter of the interests of the Niagara peninsula. At this time on behalf of the people of Lincoln county I pay tribute to Mr. Houck and extend my sympathy and that of my constituents to his family and friends.

Mr. L. E. Cardiff (Huron): Mr. Speaker, as one of the older members of the house I wish to join with the other hon. members who have spoken and express my sincere sympathy not only to hon. members of the opposition party but to the rest of the House of Commons at the passing of Bill Houck. He came into the house a few years after I did. I have been his warm friend as he has been mine for many years. I am sure all hon. members of the house will miss him very much. At this time I should like to extend my sympathy to his wife and daughter.

(Translation):

Mr. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, may I, on behalf of the members from the province of Quebec, join with all my colleagues who rose in expressing their regret at the passing of my friend Bill Houck. It was given to all of us, at one time or

another, to appreciate his many qualities and, above all, his kindliness. I wish to express the sadness felt by all members from Quebec in this bereavement.

(Text):

TRADE

TABLING OF LETTERS RESPECTING VOLUNTARY LIMITATION OF JAPANESE EXPORTS TO CANADA

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I should like to table copies of three letters which I have today received from the ambassador of Japan informing me of certain voluntary export limitations which the Japanese government has decided to impose on shipments to Canada of textile products and stainless steel flatware during the year 1960. The letters themselves are self-explanatory. I would ask the house to give consent to have these letters printed as an appendix to *Hansard*, if such is the wish of hon. members for their convenience.

If I may I should like to make a few brief explanatory comments explaining the significance of these arrangements, in view of the number of questions that have been put to me in the house from time to time recently by hon. members.

The first letter sets out in detail the arrangements for 1960 in respect of textile products. I can describe these arrangements under four headings. Items 6 to 11, covering cotton fabrics and various cotton products, have been subject to Japanese export restraint for several years now, and it will be observed that for these items the arrangements generally provide for a moderate and orderly increase for the year 1960 as compared with shipments in 1959. There are several exceptions to this, and these occur in the garment items which are particularly sensitive by virtue of the flooding situation which occurred during 1959 for similar items made of spun rayon.

The second category, items 1 to 4, consists of made-up goods of spun rayon which were first brought under export control during 1959. Hon. members will recall that in these items very large increases in Japanese shipments occurred during the year 1959, which created in fact a situation of flooding. For these items the 1960 quota levels are based on the shipments during 1958, and represent a significant decrease from the excessively high levels of 1959.

The third category includes items 5, 12, 13, 14, 15 and 16, for which controls on shipments to Canada are being introduced for the first time. For these products the quota levels are based on 1959 shipments, plus an orderly increase; with the exception of cotton sheets, in respect of which, because of the very large increase in 1959, there will be no change from the level of that year.

The fourth category consists of other secondary textile products on which the Japanese government maintains voluntary controls. Some of these are subject to individual quota control, while others are subject to a general licensing control. The Japanese government has not indicated precise quantitative limits on the shipments of these products to Canada, but it will be observed that in the letter we have been given an undertaking that 1960 shipments will provide for moderate and orderly expansion.

I should also point out that for several categories of garments the former quota groups have been divided into subquotas in order to avoid undue concentration on particular sensitive products.

I should like to say to the house on this occasion that I share the hope expressed by the ambassador of Japan that these controls should effectively preclude any further flooding in textiles, and that Japan in taking these self-restraining measures has helped to pave the way for the further expansion of two-way trade between Canada and Japan on an orderly basis to the mutual benefit of both countries.

May I turn now to make a brief comment on the second letter, which deals with stainless steel flatware. The increases in Japanese shipments of flatware which have occurred in the past few years have been unusually large. The Japanese government has now decided to establish a voluntary control for 1960 which is substantially below the 1959 level of shipments.

The third letter is entirely self-explanatory. It simply reiterates the concern of the Japanese government that a situation should not arise in which third countries are able to expand their sales to Canada by virtue of the fact that Japan has undertaken to limit her shipments of the products concerned.

Finally, I should like to say that consultations are continuing with representatives of the Japanese government concerning the need for export restraints on other products. These include hardwood plywood, rubber-soled canvas and waterproofed footwear, plastic rainwear and several other products.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the Acting Prime Minister's announcement is a good one, dealing as it does with trade between Canada and Japan, in view of the fact that Japan is one of our largest and most important markets and becoming, we hope, larger and even more important.

Limitation of Japanese Exports to Canada

In so far as steps have been taken or can be taken to protect our own producers against dumping or unfair competition, there can be no argument against those steps; but, Mr. Speaker, if the Japanese government, by actions which it terms voluntary but which are taken under pressure, adopts policies which create resentment in Japan as being unfair, then if counter action is taken in Japan we in this country would suffer a great deal more than the Japanese would suffer because of the nature of the trade.

We will study these letters. I want to make clear we are not objecting to any steps that can be taken to protect Canadian industries against unfair competition and dumping, but we have to be very careful in connection with action taken against one of our largest customers.

Mr. Hazen Argue (Assiniboia): I think the documents that have been referred to by the Acting Prime Minister demonstrate at least one point, namely that inevitably there has to be a measure of planning in respect to international trade. I thank the minister for having sent over copies of these documents, but I do regret that I received them only about midway in his own statement. It would have been much more helpful, Mr. Speaker, if it had been possible to have these documents at least some time beforehand.

We in the C.C.F. think the government's policy in regard to international trade in general should be one of expanding trade. We think that in the days ahead there must be a tremendous expansion in Canadian trade and in world trade, and we feel that the future role of Canada lies in the direction of taking steps to remove trade barriers. However, we are mindful of some of the difficulties experienced by the industries affected by importations of certain goods. We have sympathy for the workers who are on the streets, who have been displaced. We feel that action which is taken against the dumping of goods into this country is something that is necessary.

We do feel, and feel very strongly, that even with a system of planned trade there is room both for a large increase in exports and for a substantial domestic industry with full employment, which we do not now enjoy.

Mr. Speaker: May I ask the house whether it gives unanimous consent to the printing of the documents tabled by the Acting Prime Minister?

Some hon. Members: Agreed.

[*For text of documents referred to, see appendix.*]

[Mr. Pearson.]

[*Later:*]

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to direct a question to the Minister of Finance. It arises out of the letters he tabled a moment ago in connection with the quota arrangements made between Canada and Japan. As the minister read the letters two questions came to my mind. The first was this. What happens if the quota is exceeded? I understand that under an earlier arrangement, which was far more flexible than this one, the quota with regard to certain of the goods, particularly textiles, was exceeded. Thus, the question I should like to put is, what happens between the two countries if the quotas mentioned in the letter are exceeded, having regard to the item concerning textiles?

The second question is, are the dumping duties superseded by these letters?

Hon. Donald M. Fleming (Minister of Finance): The answer to the first question is that if these quotas were to be exceeded the Canadian government would be entirely free at any time to invoke those provisions of the 1954 treaty of commerce between Canada and Japan under which the Canadian government possesses the right to apply special valuations for duty purposes on imports from Japan. The hon. member will recall the clause, which was written into the agreement by the former government.

I think the second question asked by the hon. gentleman may best be answered by drawing his attention to the final paragraph of the letter from the Japanese ambassador concerning the quantitative restrictions on exports of textiles to Canada. It reads:

In communicating this information to you, I assume that in respect of products listed in the annex to this letter, for which firm quantities are specified, Canada will not, during the year 1960, invoke the provisions of article XIX of the GATT or of the exchange of letters which accompanied the agreement of commerce of 1954 between Canada and Japan.

(Translation):

COMMONWEALTH RELATIONS

INQUIRY AS TO DISTRIBUTION OF SCHOLARSHIPS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Acting Secretary of State for External Affairs, or, in his absence, to his parliamentary assistant.

Does the minister have any knowledge of a statement by Mr. Paul Toupin, director of the scholarships division of the Canada

Council, as reported in *La Presse* of May 4, with regard to commonwealth scholarships, indicating that Laval and Montreal universities will get no part of the million dollars or more to be granted by the Canadian government to 100 or 200 students?

In this statement Mr. Toupin vigorously protests against that injustice.

Can the minister say whether or not the assertion is true, and what action is being considered by the government to correct that situation at once?

(Text):

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, the Acting Secretary of State for External Affairs is participating today in a meeting with representatives of the provinces. Notice of the question put by the hon. member for Laurier reached me just before coming into the house.

Mr. Chevrier: I sent it early this morning.

Mr. Fleming (Eglinton): May I say that I am not aware on what information the statement to which the hon. member refers purports to be based, but I can assure him that in so far as the commonwealth scholarship program is concerned it is inaccurate to say that the universities of Laval and Montreal will not draw any scholarship holders who qualify for awards under this plan.

The plan provides for what are called inward and outward awards. Those offered by the government of Canada are inward, that is, for students from other commonwealth countries to come to Canada to pursue their studies. It is anticipated that in this category about 100 awards will be made this year and 200 in each of the subsequent years. I understand that from the applications already submitted for this type of award, through selection committees in other countries, a preliminary selection has already been made by the Canadian committee, and that it is quite probable that several of the successful candidates will pursue their studies at Laval, at the University of Montreal and also at the University of Ottawa.

In the case of inward awards, there are no payments made to Canadian universities except nominal amounts to cover actual administrative expenses. The scholar pays his own tuition fee from the amount of his grant.

With regard to outward scholarships, students from any university in Canada are eligible to apply, subject to the conditions agreed upon at the Oxford conference in the summer of 1959 and taking into account the requirements of the governments of the countries offering the scholarships. These governments are responsible for deciding on the number of awards offered to Canadian students and for the payments to successful Canadian candidates. The final selection rests with those committees, but I am sure there is every reason to expect that candidates from the two universities mentioned by the hon. member are as likely to win awards as are candidates from other universities in Canada.

79951-0—226

REPORTED STATEMENTS ON APARTHEID BY PRIME MINISTER AND SOUTH AFRICAN REPRESENTATIVE

On the orders of the day:

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, yesterday the Leader of the Opposition put to me this question, as reported at page 3537 of *Hansard*:

> I should like to ask whether he can resolve the apparent contradiction between the statement attributed to the Prime Minister (Mr. Diefenbaker) in London that he had made clear yesterday to Mr. Louw, the South African representative at the conference, the views of Canada with regard to apartheid, and the statement attributed to Mr. Louw today in reply to a question at a press conference that he did not hear the Canadian views from the Canadian Prime Minister.

Mr. Speaker, I was in telephone conversation with the Prime Minister last evening. He confirmed the newspaper reports that he had shortly after his arrival in London held a lengthy conference with Mr. Louw, at which he put before Mr. Louw very clearly and comprehensively the strong views entertained by the Canadian people and the Canadian government in reference to the policy of apartheid.

So far as the statement attributed to Mr. Louw in the press is concerned, I am informed that this press statement was drawn to the attention of Mr. Louw since it was raised in this house by the Leader of the Opposition yesterday afternoon. I am informed that Mr. Louw has stated that the statement attributed to him in the press was not correct, and that he simply said that it was not a matter for him to reveal what any other prime minister has said to him in conversation. I gather that the substance of what Mr. Louw had intended to convey in the statement he made to the press was that there had been no public discussion or any discussion at the formal meetings of the conference of prime ministers on the subject, but he did not intend to convey any suggestion that he had not been fully acquainted with or that he did not understand the views of Canada as a result of the talk with the Prime Minister of Canada.

Inquiries of the Ministry

CANADIAN BROADCASTING CORPORATION

REQUEST FOR COMMENT ON WINNING OF OHIO STATE AWARDS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as a member of the socialist sector of the opposition I wish to address a question to the Minister of National Revenue. Has the minister's attention been drawn to the news item in this morning's *Globe and Mail* to the effect the Canadian Broadcasting Corporation won most of the radio honours, and nosed out the United States Columbia Broadcasting System in television prizes, in the 1960 Ohio state awards announced last night? Would the minister care to comment on the success of this Canadian publicly owned corporation in competition with United States free enterprise?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, my attention was not drawn to this. The Canadian Broadcasting Corporation, with its usual modesty, had not mentioned these honours, and I was not aware of them until the hon. member sent me a copy of the newspaper. Hon. members who are interested will find the report on page 10 of this morning's *Globe and Mail,* and possibly in other newspapers as well.

This is, of course, in keeping with the record the Canadian Broadcasting Corporation has established, not because it is a publicly owned organization, Mr. Speaker, but because it had attracted to it many people who have been associated with private business and because it is most efficiently run.

I think this can be said, without prolonging the matter, that the Ohio state awards are recognized as among the leading awards in North America. It is a great tribute to the corporation that it has succeeded in winning so many awards. I note that, according to one paragraph, of the 32 first awards and honourable mentions for cultural, public service and educational programming, the Canadian Broadcasting Corporation won 18. The record is one of which we are all proud, and is in keeping with the record which has been established by this corporation on many occasions in the past.

ROYAL WEDDING—INQUIRY AS TO USE OF JET PLANES

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): I should like to direct a question to the Minister of National Revenue. Can the minister inform the house whether it is a fact that the C.B.C. proposes to send not one but two jet planes to bring pictures of Princess Margaret's wedding back to Canada so they can be shown on the same day? If so, can he say approximately how much that will cost?

Hon. George C. Nowlan (Minister of National Revenue): I have no knowledge of that matter whatsoever, but I will inquire of the C.B.C.

INTERNATIONAL TRADE FAIR

REPORTED REJECTION OF INVITATION BY MONTREAL

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): I wonder whether the Acting Prime Minister would care to make any comment on the report that Montreal was not chosen as the site of the world exposition in 1967, and whether the government has any alternative plans in mind for the centenary.

Mr. Speaker: I did not hear clearly whether the hon. member is asking a question to the effect that "if" Montreal is not chosen, what would be the government's plan?

Mr. Cardin: No, Mr. Speaker, I was asking whether the Acting Prime Minister had any comments to make following a report that Montreal was not chosen as the site.

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, no official report has been received as yet. I am aware of a radio report which may be the source of the hon. member's information, but that is all the information I have had on the subject to date. However, I do expect that in the course of the day there will be an official report from the government's representatives in Paris, and whenever it is received, if the house will permit me to revert to motions at that time, I shall be glad to give the information to the house.

PRIVILEGE

MR. CHEVRIER—CORRECTION OF STATEMENT IN DEBATE ON MAY 4

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I rise on a question of privilege, and it concerns a point which arose out of an answer made by the Minister of Mines and Technical Surveys yesterday, when I indicated in my question that the Minister of Mines and Technical Surveys had stated that a contract had been given to Autair Helicopters on the D.E.W. line.

I was mistaken. On looking over the statement made by the minister I find that I was

unfair to him. I have read it over carefully. What the minister did in fact refer to was that pilots of that company had experience on the D.E.W. line. I have information, of course, to the contrary; none the less, I think I was perhaps doing an injustice to the minister, and I want to apologize to him.

HOUSING

C.M.H.C.—REPORTED FAILURE TO RECOGNIZE STANDARDS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the Minister of Public Works. Can the minister explain to the house why Central Mortgage and Housing Corporation does not recognize the standards of the Canadian Standards Association and the Canadian Gas Association?

Mr. Speaker: Did the hon. member give notice of his question?

Mr. Regier: Yes.

Hon. D. J. Walker (Minister of Public Works): I shall be glad to accept this as notice.

[*Later:*]

Mr. Walker: A few moments ago the hon. member for Burnaby-Coquitlam asked the following question:

> Can the minister explain to the house why Central Mortgage and Housing Corporation does not recognize the standards of the Canadian Standards Association and the Canadian Gas Association?

May I reply as follows. Central Mortgage and Housing Corporation does recognize the standards of the Canadian Standards Association and the Canadian Gas Association. The corporation is represented on some 40 committees of the Canadian Standards Association.

ATOMIC ENERGY

REPORTED PLAN BY U.S. TO SET OFF NUCLEAR DEVICES NEAR ALASKA

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct to the Acting Prime Minister a question notice of which was sent to the Acting Secretary of State for External Affairs. Does the minister care to comment on the report that the United States atomic energy commission has plans to set off four nuclear devices in the coastal area of Alaska? Has the Canadian government been informed of any such plan? Will Canada oppose such explosions prior to the conclusion of the proposed international agreement on nuclear testing?

Hon. Donald M. Fleming (Acting Prime Minister): Notice of this question given by the hon. member reached me just prior to coming into the house. I am going to suggest with respect to this question that the answer might wait until Monday's sitting. By that time the Secretary of State for External Affairs (Mr. Green) will have returned from Europe, and I think it more appropriate that the answer to this question come from him personally.

TRADE

WHEAT—REPRESENTATIONS TO U.S. RESPECTING AGREEMENT WITH INDIA

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): I should like to direct a question to the Minister of Trade and Commerce concerning the surplus wheat agreement entered into by the United States and India yesterday. My question is this. Has the Canadian government, either through formal channels or informally, and either verbally or in writing, made any representations to the United States regarding this agreement?

Hon. Gordon Churchill (Minister of Trade and Commerce): Perhaps the hon. member's question might be answered by this summary of what has taken place.

In accordance with established procedures, both bilaterally with the United States and by the wheat utilization committee, we have been informed and consulted well in advance by the United States authorities regarding the P.L. 480 agreement with India which was concluded yesterday in Washington, D.C.

This agreement involves the supply of 3 million tons of U.S. wheat per year for four years to meet immediate consumption needs in India. In order to safeguard the commercial marketing interests of other wheat exporting countries, the Indian government has undertaken to purchase on commercial terms not less than 400,000 tons of wheat per year. This commercial quota is open to all wheat exporting countries, and is subject to review annually in the light of India's foreign exchange position. The agreement also provides for the supply of 1 million tons of U.S. wheat and 250,000 tons of U.S. rice per year for four years for a food reserve in India, details of which will be negotiated later in the light of the report of the wheat utilization committee mission to the Far East.

In view of the commercial quota of 400,000 tons, which represents a realistic assessment of what India's foreign exchange position will

permit, and the fact that the arrangements for the supply of wheat and rice for the food reserve will take full account of the discussions at the next meeting of the wheat utilization committee, we feel that these provide ample safeguards for Canada's commercial interests. For these reasons we expressed no objection to the United States authorities in respect of this agreement, and indeed we extended our appreciation to them for giving us full and early opportunity for consultations.

Mr. Hazen Argue (Assiniboia): I should like to ask a supplementary question. Can the minister say whether the Canadian government has given any consideration to similar credit sales by Canada? Does not the minister believe that credit sales of this magnitude would go a long way toward clearing up Canada's wheat surplus?

Mr. Churchill: Credit sales of this magnitude certainly would go a long way toward clearing up Canada's surplus position in wheat, but we are hardly able to conduct our affairs on the same basis as the United States, because we have not the same financial resources. However, in the past we have extended wheat to India on a loan basis. That was done in the years 1957 and 1958, and we have made substantial gifts of wheat and flour to the Colombo plan countries. On the basis of those gifts, rupees have been set up in what are called counterpart funds, and that money is then used by the local governments for improvements within their country.

Mr. Argue: I should like to ask a further supplementary question. Does the current deduction in Canada's credit sales or gifts of wheat to which the minister referred, as compared to 1957, indicate that Canada is abandoning what was a worth-while policy?

Mr. Churchill: The hon. member is drawing conclusions that are not warranted. Our policy continues. It was a bit unfortunate that Mr. Patil was unable through illness to be present here today. We intended to carry on negotiations with him concerning the needs of India for supplies of food.

[Later:]

Mr. McIlraith: I wish to direct a supplementary question to the Minister of Trade and Commerce. In his statement he said that the 400,000 tons of wheat per year which India has undertaken to purchase through commercial channels represented a realistic appreciation of the exchange she had available. Is he able to tell us what it represents in relation to the purchase of wheat in the last year or two?

[Mr. Churchill.]

Mr. Churchill: I would have to get the information on that matter rather than rely of memory, and I will do that for the hon. member.

TRANSPORT

AUTAIR HELICOPTERS LIMITED—REPORTED SALE OF COMPANY

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Yesterday the hon. member for Laurier (Mr. Chevrier) asked whether it is a fact that Autair Helicopters Limited have sold their company to another organization.

I have been advised by the air transport board that an offer has been made by another company to purchase the assets of Autair Helicopters Limited, this purchase being subject to the approval of the air transport board.

NATIONAL REVENUE

MONTREAL—STATEMENT ON REPORTED PARKING CHARGE FOR CARS OF EMPLOYEES

On the orders of the day:

Hon. D. J. Walker (Minister of Public Works): On May 3 the hon. member for St. Denis (Mr. Denis) asked this question:

> Is the minister aware that in the income tax building in Montreal there is a large room for the parking of employees' cars, and that the department has now decided to charge the employees $10 rent for the parking of their cars?

The answer, Mr. Speaker, is yes; this garage is for the use of crown owned vehicles and privately owned vehicles of employees, but no charge is being made for parking privileges in this space.

FINANCE

REPORTED STATEMENT BY PARLIAMENTARY SECRETARY RESPECTING LENDING INSTITUTIONS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask a question of the Minister of Finance. Does the minister intend to comment upon the reported statement by his parliamentary secretary that Canada's lending institutions have "abdicated their social responsibility"?

Hon. Donald M. Fleming (Minister of Finance): The statement to which the hon. member has made reference was made by the hon. member for Carleton (Mr. Bell) who is, I am very proud to say, parliamentary secretary to the Minister of Finance. It was made at a meeting in the riding of Carleton on May 2, earlier this week. It was not made

in the course of a prepared speech; it was a statement made in reply to questions which were put to the hon. member at a public meeting.

I do not know whether the hon. member is asking me if I have any association with the statement. The hon. member for Carleton of course is quite at liberty, in his capacity as member for that riding, to express his views on public questions. I may say that the views which were attributed to him and the report in the *Citizen* of May 3 concerning the answer given by the hon. member for Carleton are quite in line with views expressed in this house by other hon. members on Tuesday evening in the discussion of the supply motion.

Mr. Fisher: I have a supplementary question, and it is this. It is on the question of ministerial spill-over in terms of responsibility on the part of parliamentary secretaries. How does the minister conceive that responsibility?

Mr. Speaker: I find it difficult to understand the hon. member's question. Unless he can make it clear I do not think I can allow it.

Mr. Fisher: Then may I put it in this way. I am asking the minister if this is a case where the member was speaking purely as a member of parliament for his constituency and not as a parliamentary secretary.

Mr. Speaker: As I understood the first answer, it clearly dealt with the point the hon. member is now raising.

Mr. Garland: Mr. Speaker—

Mr. Pickersgill: I have a supplementary question to the Minister of Finance. I would like to ask—

Mr. Speaker: Order. I understand the hon. member for Nipissing has a supplementary question.

Mr. J. R. Garland (Nipissing): Mr. Speaker, I would like to ask the Minister of Finance whether he agrees with the statement made by his parliamentary secretary.

Mr. Fleming (Eglinton): Mr. Speaker, my colleague the Minister of Public Works dealt with this subject very clearly in his remarks on Tuesday evening in reply to various speeches that had been made in the house in the discussion of the supply motion. Views expressed were that the approved lending institutions under the National Housing Act are regarded as having some responsibility in relation to the housing problem. They have a certain status under the act; and the efforts of my colleague, as he reported to the house on Tuesday evening, have been directed toward urging these approved lending institutions to enlarge their participation, their investments, in mortgage loans under the National Housing Act.

I think it is a matter of gratification to all hon. members, and a matter for congratulation to my colleague the Minister of Public Works, that his efforts in that regard are being attended with such evident success.

Mr. Garland: Mr. Speaker, do I take the minister's reply to mean that he is in agreement with the statement made by his parliamentary secretary?

Mr. Speaker: The hon. member is entitled to draw any conclusion he thinks appropriate.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, my supplementary question to the Minister of Finance was this. Was this a preview of the Tory planned economy?

Some hon. Members: Oh, oh.

Mr. Speaker: Order. The minister would doubtless like to answer the question, but it seems to me it is an improper one. So far as I am aware the Minister of Finance has not as part of his public administrative responsibility the—whatever it was the hon. member asked.

Mr. Pickersgill: I quite agree with you, sir.

POST OFFICE DEPARTMENT

PUBLICITY RESPECTING STAMP COMMEMORATING BATTLE OF LONG SAULT

On the orders of the day:

Mr. E. L. Morris (Parliamentary Secretary to the Postmaster General): Mr. Speaker, yesterday the hon. member for Lapointe (Mr. Brassard) asked me a question concerning a commemorative stamp, and in doing so suggested that I take advantage of the simultaneous translation system. I hope, if I endeavour to answer in the language of the question, it will not be necessary for him to do so.

(Translation):

Mr. Speaker, the hon. member for Lapointe asked me yesterday for what reasons the publicity respecting the Dollard des Ormeaux commemorative stamp was issued only in English.

I answered him that I was unaware that any publicity had been issued in one language only, but that I would inquire and give him full particulars today.

The publicity concerning this stamp, which will be issued in both languages on May 19, was made, as I said yesterday, in French and in English, according to the now current practice in the Post Office Department.

Inquiries of the Ministry

I have sent the hon. member several copies of the press releases which were issued in both languages, showing that they were issued simultaneously at 10 a.m. March 24, as well as copies of press reports from 37 French-language papers on this matter.

The hon. member was probably referring to an order form distributed on request to 11,000 stamp collectors across the world, including 800 forms in French. Translation was somewhat delayed, but distribution will be completed today.

Mr. Augustin Brassard (Lapointe): I have no question, Mr. Speaker; I merely wish to thank and congratulate the parliamentary secretary to the Postmaster General.

(Text):

NEWFOUNDLAND—REQUEST FOR STAMP TO COMMEMORATE FOUNDING

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I should like to ask a question of the Postmaster General. In his absence perhaps I might direct it to the Acting Postmaster General.

In view of the fact that the first colony of the British empire was founded by John Guy 350 years ago in Cupids, Conception Bay, would the minister advise whether he has given consideration to commemorating same by a special postage stamp?

Mr. E. L. Morris (Parliamentary Secretary to the Postmaster General): I will answer this question as parliamentary secretary. The hon. member for St. John's West and the hon. member for St. John's East have also asked me a similar question today. The answer is that the Postmaster General will give consideration to the issuance of such a commemorative stamp and I shall be glad to inform all three hon. members as soon as a decision is taken.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO AUTHORITY FOR REPAYMENT PROVISION RESPECTING LOANS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Finance if he will be good enough to advise the house under what authority, with regard to loans by the Bank of Canada to the unemployment insurance commission, it is provided in the order in council of January 19 that the loans be repaid from the proceeds of the sale of government of Canada direct and guaranteed bonds at the sole discretion of the Minister of Finance.

[Mr. Morris.]

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, in that mass of verbiage I have not yet distinguished the question, and I would ask the hon. member to state it.

Mr. Martin (Essex East): I would be very glad to assist the Minister of Finance who obviously, because of his prime ministerial obligations, has not been able to attend to his responsibilities as Minister of Finance. The order in council tabled yesterday provides that the loans be repaid from the proceeds—

Mr. Fleming (Eglinton): Mr. Speaker, on a point of order, I did not ask the hon. gentleman to read the whole order in council. I asked him to put his question briefly and to the point, in accordance with the rules.

Mr. Martin (Essex East): The Minister of Finance, who is acquiring a facility that is characteristic only of prime ministers, will perhaps allow me to put the question as I wish; that is, to ask him what is his authority for having in this order in council the following condition, that the loans be repaid from the proceeds of the sale of government of Canada direct and guaranteed bonds at the sole discretion of the Minister of Finance. Why does the Minister of Finance disregard the act? Why does he disregard the order of the investment committee?

Mr. Speaker: The hon. member has put his question; he need not argue it now.

Mr. Fleming (Eglinton): The authority, Mr. Speaker, is an enactment of this parliament, namely, the Unemployment Insurance Act.

Mr. Martin (Essex East): Mr. Speaker, a supplementary question. Will the minister indicate what section of the act provides that this kind of condition is to apply at the sole discretion of the Minister of Finance and not the investment committee?

Mr. Fleming (Eglinton): I have not the act here, but my recollection is that the section is No. 20 or thereabouts. In any event, it is the section to which I drew the attention of the hon. gentleman last year when he was bringing up this same subject, as he did in such an irrelevant and discursive way on so many occasions.

Mr. Martin (Essex East): I suggest to the Minister of Finance—

Some hon. Members: Oh, oh.

Mr. Speaker: That is not a usual prefix for a supplementary question. I hope the hon. member is not going to attempt to resume a debate which was concluded yesterday.

Mr. Martin (Essex East): What I am resuming now is a matter which affects the rights—

Some hon. Members: Order.

Mr. Martin (Essex East): —the rights of all hon. members, arising out of the assumption by the Minister of Finance of an authority—

Mr. Speaker: Order. The hon. member will ask his supplementary question.

Mr. Martin (Essex East): I was simply dealing with your own intervention, Mr. Speaker. You asked me a question, and I was replying to it. Will the Minister of Finance tell this house upon what authority he has authorized an order in council to be passed saying that the loans are to be repaid at the sole discretion of the Minister of Finance? What section of the act gives him that authority? I say to him that there is no such authority.

Mr. Fleming (Eglinton): If I may extract the question from the speech which has been delivered by the hon. gentleman, including all his errors in the interpretation of the statute law, may I say that when he asks me on what authority I permitted an order in council to be passed in this form it is necessary to point out to him that under a democratic government the Minister of Finance does not permit the cabinet to pass orders in council. The cabinet, in the exercise of the authority conferred upon it by this parliament under the Unemployment Insurance Act, makes orders in council as it sees fit in accordance with the act, on certain recommendations. In this case the order in council follows a recommendation, and follows it very properly. There are precedents for orders in council in this form, and I commend to the hon. gentleman a better understanding of the processes of true democratic government.

Mr. Martin (Essex East): Since this matter is so important I put another question to the Minister of Finance. Will the hon. gentleman indicate in precise language what authority exists in any statute of this parliament whereby such loans under such conditions are to be repaid, not at the instance of the investment committee or of the unemployment insurance commission, but solely at the discretion of the present Minister of Finance, on behalf of an all-powerful and omniscient government?

Mr. Fleming (Eglinton): I am sorry, but I have not a copy of the Unemployment Insurance Act here. If the hon. gentleman had given me notice of his question I should have been very pleased to bring a copy of the act with me. I do not profess to recall all the provisions of the act in precise terms from memory, but I can assure the hon. member that the act authorizes loans on terms and conditions, and the proper term and condition here was one calling for a repayment at the instance of the minister who, under the statute, and under the order in council promulgated under the terms of the statute, makes the loan. The loan is repayable under the statute to the Minister of Finance, who is the minister who makes the loan, in accordance with the authority I have described.

Mr. Martin (Essex East): Ridiculous.

Mr. Fleming (Eglinton): What could be more natural than that the order in council should make provision for repayment to the Minister of Finance under terms and conditions properly appointed for that purpose?

Mr. Martin (Essex East): Out of trust funds?

Mr. Fleming (Eglinton): The hon. gentleman asks why provision is not made for repayment at the instance of the investment committee. How ludicrous. The investment committee, in this case, acts for the borrower. Once again the hon. gentleman has got it all mixed up.

Mr. Martin (Essex East): That is the way the minister treats trust funds.

Mr. Hees: Stick to the pitchfork and give up the pen, Paul.

Mr. Pearson: That should go in *Hansard*; it is worthy of a minister.

LABOUR CONDITIONS

ELLIOT LAKE—INQUIRY AS TO FEDERAL ASSISTANCE PROGRAM

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Minister of Trade and Commerce when he expects to be in a position to announce to the house the federal program of assistance to Elliot Lake.

Hon. Gordon Churchill (Minister of Trade and Commerce): An announcement concerning such assistance as may be rendered to Elliot Lake by the federal government will be made tomorrow.

BELL ISLAND, NFLD.—VOCATIONAL TRAINING FOR UNEMPLOYED MINERS

On the orders of the day:

Mr. J. A. McGrath (St. John's East): I have a question for the Minister of Labour. Can the minister state whether the government

has received any positive reply to the offer of the federal government, made in a letter from the Minister of Labour to the premier of Newfoundland in October of 1959, with regard to the establishment of a vocational training program for unemployed miners in Bell island, Newfoundland?

Hon. Michael Starr (Minister of Labour): I know the deep and continuing interest which the hon. member for St. John's East has in this question, and I can only inform him that up to the present the matter is still being considered by the government of Newfoundland.

Mr. McGrath: A supplementary question. Would the minister prevail upon the hon. member for Bonavista-Twillingate (Mr. Pickersgill) to use his good offices and persuade the premier of Newfoundland to get this program going?

Mr. Speaker: Order. I think it is unnecessary to comment on that question.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I was rising to direct a question to the Minister of Labour. Are persons who are unemployed and in receipt of unemployment insurance benefits permitted to receive such benefits while attending vocational training courses?

Mr. Starr: Mr. Speaker, the hon. member telephoned my office and advised us of his intention to ask this question. The situation is simply this. Under schedule "M" of the vocational training agreement with the provinces, unemployed persons who are registered with the national employment service may be directed to approved training courses and may continue to receive the benefits to which they are entitled by their contributions while attending such courses. This is done in the case of persons for whom no immediate employment is available and who have good prospects of obtaining employment after following such courses.

Mr. Pickersgill: Mr. Speaker, could I ask the hon. gentleman a supplementary question. Would that apply to the miners of Bell island?

Mr. Starr: Under the terms of reference, I think so.

Mr. Pickersgill: I am asking the minister if it does apply to the miners of Bell island at the present time.

Mr. Starr: If a training school is established on Bell island and the miners are directed by the local employment office to take these courses, and if their contributions are sufficient to permit them to draw benefits, then of course it would apply.

[Mr. McGrath.]

Mr. Pickersgill: Could the minister see that the hon. member for St. John's East is informed of the correct facts so he can pass them on to his constituents?

Mr. Speaker: Order.

REQUEST FOR COMMENT ON REPORTED REMARKS OF PRIME MINISTER

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Acting Prime Minister whether when the Prime Minister said in London that "this year we shall be able to welcome and absorb into employment many tens of thousands of immigrants to Canada" he was making a considered statement of government policy or whether this was merely another vision.

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, the Prime Minister of Canada always makes considered statements of a kind which I hope will be a model to hon. members, including the hon. member for Bonavista-Twillingate.

ROYAL CANADIAN AIR FORCE

UPLANDS, ONTARIO—REPORTED TOWING AWAY OF AUTOMOBILES

On the orders of the day:

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I wish to direct a question to the Acting Minister of National Defence. In view of the statement made by the minister during the week on the investigation at Uplands, is the acting minister in a position to make a report?

Mr. Egan Chambers (Parliamentary Secretary to the Minister of National Defence): Mr. Speaker, a brief answer to the hon. member's question is that no legal suit has been taken against the commanding officer.

The problem of abandoned and derelict automobiles on service property is not a new one. In this case orders were promulgated in March and April that parking stickers would not be issued to cars not equipped with 1960 license plates. In early April a survey was made of the parking lots on the station, and a number of vehicles lacking 1960 license plates appeared to have been abandoned by their owners. On the 22nd April some 25 automobiles were removed, some to nearby service stations and others which were in very poor condition to the R.C.A.F. dump. While the dump is well posted, indicating that it is out of bounds to trespassers, unauthorized persons did gain entry and removed some parts of these vehicles. I understand the Ottawa city police are presently investigating.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT

ALTERNATIVE ARRANGEMENTS FOR UNIVERSITY GRANTS—EXTENSION OF INDIVIDUAL INCOME TAX RATE

The house resumed, from Wednesday, May 4, consideration of the motion of Mr. Fleming (Eglinton) for the second reading of Bill No. C-56, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, before six o'clock yesterday I was talking not so much about party doctrine —because I should like to emphasize that unlike my hon. friends alongside, the party which I support is not hidebound by doctrine —but rather was attempting to point out some principles which guide the party which I support in relation to the subject of dominion-provincial relations.

I pointed out the fact that one of the real reasons why a workable agreement has been brought about between the federal government and the provinces in relation to the subject before us today is that our party, in an atmosphere of good will, has produced an acceptable method. I pointed out that one of the principles our party has always adhered to since its inception, and one of the ideas it has always strongly upheld, is a high regard for local self-agency. I feel this should be emphasized, because I am now talking about the party principles which have guided, perhaps, the two major parties in our country since confederation.

I feel, moreover, that in normal times the Liberal party has adopted centralist principles which do not lend themselves to solving problems of this type. I am sure that today the Liberal party finds itself on the horns of a Hamlet type "to be or not to be" dilemma, and is confronted with a situation in which the Leader of the Opposition is prone to say, "on the one hand" or "on the other hand".

I know I will be accused of asking the traditional question, "How are you going to vote?" But I do ask my Liberal friends how they are going to vote on the bill. On the one hand they must realize that if they vote against it they will be depriving the universities of the province of Quebec of the moneys that will be granted to them under this legislation, and they know they will be voting against a workable method which has been brought about after consultation between this government and the various governments of the provinces. They know this is the case.

On the other hand I asked myself the question, "How are they possibly going to support this bill after days and days of talking against so many principles which are inherent in it?" I am sure these questions have occurred to the Leader of the Opposition and the supporters who sit behind him, and I repeat that they find themselves on the horns of their traditional Hamlet type "to be or not to be" dilemma.

I now want to go further down the chamber and discuss the attitude of the C.C.F. toward this legislation. I have always known that even after having deserted most of their nationalization policies this party supports a degree of centralization which does not lend itself well to enhancing a good atmosphere in relation to dominion-provincial relations. But now we have another spokesman for the C.C.F., who made in this chamber not long ago what I can only term as one of the most unfortunate speeches to which I have listened since, as a young man, I entered the field of politics.

I ask the Leader of the C.C.F. today this question. When the hon. member for Port Arthur (Mr. Fisher) spoke on this bill in this House of Commons, was he speaking for his party; or was he possibly speaking for the new party that—I hear an interruption from behind the curtain which is highly unparliamentary. I ask this question; it has to be answered. Will the leader of the C.C.F. party say that when the hon. member for Port Arthur spoke on this bill he was speaking as the spokesman for his party or for the new party they think they formed recently?

I reiterate, sir, that I know the hon. member, as he so often does, made a speech, and he hopes that some of us will give him the attention he wants. I have actually spoken to my confreres on both sides of the house, and a lot of them feel the silent treatment for him is the best thing, but I propose to give him and his speech a little attention.

(Translation):

Mr. Speaker, I cannot help wondering how a man who has seldom set foot in the province of Quebec can discuss any aspect of our affairs as though he was an old hand at it, as he has been doing in this house. I must point out that his speech was no help to national unity or to mutual understanding between the various provinces and the central government. As always the hon. member failed to convey the true feeling of the population in my province.

(Text):

Sir, I called his speech an unfortunate one. As I listened to the hon. member for Port Arthur speak on this bill, sir, I could not help but say to myself that true intellectualism is never paraded, but it is made of humbler stuff. I am asking a very simple question basically—maybe it is almost too

simple, but after listening to the hon. member for Port Arthur I cannot help but ask, has he ever read the British North America Act? Does he realize that under section 92 education is given to the provinces and that therefore it is a provincial responsibility?

But no, sir; with his chip on the shoulder of intellectualism he does not realize that life is more than an intellectual proposition. He spoke about things in my province which are deeply felt and deeply believed in. For a man who has very rarely visited Quebec he gave us quite a dissertation on a few of the things that were troubling him. When I was listening to him I could not help but wish that he would use this place more often as a debating chamber rather than a lecture hall, carrying the intellectual load of this house on his massive shoulders. At any rate, I can assure the hon. member for Port Arthur that the English-speaking minority of my province enjoy the fullest and most complete rights. I should like to state that speeches such as his completely misrepresent the spirit of Canadianism which is being fostered by the Prime Minister of this country.

Speeches of this sort do not help national unity as we see it on this side of the house; in fact they hurt it. Sometimes it is very hard to deal with speeches like this; but, sir, did you notice one thing during the speech of the hon. member for Port Arthur? There were subtle influences, sir, subtle innuendos. In his very bland, offhand way he said every member of this house had a bipartisan approach to that expression which we call national unity. He said every member in every party in this house had a bipartisan approach to national unity, and then what did he come up with? He came up with more innuendos in his speech. He went on to imply that my party had taken an entirely different attitude toward French-speaking Canadians and the province of Quebec. This is just another example of the divide and rule technique; and if you think the divide and rule boys alongside me in this house are bad, you should see them on the hustings. There they are much worse; it is just terrible.

In his speech in this house the hon. member for Port Arthur spoke about the speaker who had preceded him. He said he felt the speaker who preceded him on this bill put a narrow and selfish interpretation on the constitution. I ask the hon. member for Port Arthur to be more specific in his criticism of the speaker who preceded him. Perhaps the interpretation the other speaker put on the constitution just happened to be different from the interpretation of the hon. member for Port Arthur. But, sir, is that not the typical socialist attitude toward public opinion? They say, "You might not like the medicine; it has not been popularly accepted, but by golly you are swallowing it anyway, whether you like it or not." That is the sort of disregard for public acceptance of principle that they have, sir.

Then the hon. member for Port Arthur talked about what he called the Churchill thesis. Let us be very clear about this, sir. I noticed that he did not go into this subject in very great detail, because he knew that details would show up his innuendoes for what they were. Let me tell the house that the Minister of Trade and Commerce (Mr. Churchill) never implied that it would be desirable for the majority party in this house not to have a strong contingent from Quebec. That is the type of divide and rule—

Mr. Pickersgill: Misquoted again.

Mr. Grafftey: The hon. member for Bonavista-Twillingate has now joined the divide and rule brigade. I knew he supported divide and rule in regard to his own province, but now he is joining it on a coast to coast basis.

Let me say this, Mr. Speaker. The inference does not stand up very well when the facts are known, and I put them on the record now. The hon. member for Port Arthur made the following statement: "It really did not need its Quebec supporters." He was there referring to the Progressive Conservative party. Well, in all solemnity I can only say I do not share the views of the hon. member for Port Arthur on national unity, and I do not think very many hon. members in this house share them. An utterance such as this in his speech was not worthy of the hon. member. I know he will shrug it off with his usual—you know what I mean—smile. The fact is, he is on the record; he said it. How is he going to answer it?

This sort of bland intellectualism is fine, sir, but he is on the record. He then went on to suggest that spokesmen for the province of Quebec and the authorities in the province of Quebec have tried to veto things that were acceptable to the rest of Canada. Let us also keep that record straight, sir. Never have spokesmen from the province of Quebec, never have the authorities of Quebec, attempted to impose their views on other provinces in the Dominion of Canada.

He talked about the citizens of my province having a conceit, a superiority complex, about the spirit of Canadianism. How utterly ridiculous. In fact I am at a complete loss for words with which to reply to such a statement. Let me say this.

Mr. Winch: That will be something, when you are at a loss for words.

Mr. Grafftey: I can only say that the citizens of my province support that spirit of

Canadianism which we have under the leadership of the present Prime Minister, a Canadianism which is not conceited and which does not reflect a superiority complex. I do not want to go into that remark any further, but I think—in fact, I am sure—that all hon. members recognize it just for what it is.

At page 2825 of *Hansard* the hon. member spoke very generally about the federal government and education. I have read his remarks 10, 11, 12 times and I cannot make head or tail of what he meant. It is not clear to me, and I am sure it is going to have to be much clearer. Certainly, if he is the spokesman for the C.C.F. party, that opinion will have to be much clearer before that party can come up with anything like an acceptable method in connection with dominion-provincial relations and the question we are discussing today.

Toward the end of his speech, the hon. member for Port Arthur (Mr. Fisher) said, we are not Quebecers, we are Canadians. I suppose this is what we might call good "bull session" talk, but how ridiculous it sounded on the floor of this house. Now, sir, when I am talking about local pride and self-agency, I am talking about a principle in which the Conservative party believes. Can I not be a loyal citizen of my village of the eastern townships and of the province of Quebec, and at the same time be a good Canadian? I have met a lot of loyal members from the great province of Ontario. Is the hon. member for Port Arthur not proud of the fact he is from Ontario, just as some members are proud they are westerners and just as other members are proud they are maritimers? How ridiculous that statement is. Surely, the love and affection we have for our families and our immediate locale is a part, the seed as it were of our broader public affections. I can imagine the hon. member for Port Arthur going to New York, to the United Nations, and saying, I am not a Canadian. It seems to me that "the one world attitude" does not thus dictate.

He really rose to great heights in talking about the Canadian constitution and dominion-provincial relations in general. Then, you know what he did, Mr. Speaker, he quoted at length from Professor Lamontagne. I can only tell all hon. members that they need only look at the last election results in the constituency in which Professor Lamontagne ran to see the reception his views on the constitution were accorded in my province. In any event, the hon. member for Port Arthur held him up as an expert.

In conclusion, Mr. Speaker, let me state this: Today, the party which I have supported, the party which forms the government of this country, is adhering to its time proven principles. The party of confederation realizes that we have a constitution, that the constitution is more than a piece of paper; by realizing that the provinces have their rights, the party which I support is ushering in a new era of dominion-provincial relations which will enhance that Canadianism on which a greater and more unified Canada will be built.

(Translation):

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, as I am not an expert in constitutional law, I had not intended to take part in this debate, but after listening to the Solicitor General (Mr. Balcer) I don't think anyone has to be much of a jurist to speak as he did.

His remarks were more in the nature of a tribute of appreciation to the provincial party responsible for his own election; they threw very little light on some points of the constitution.

University grants were established by the government at the request of the universities themselves and following the Massey commission report in 1950, because the universities were in financial difficulty. The St. Laurent government took action on the request at the time of the 1951-52 budget and at that time the house unanimously approved the measure.

In 1956 Mr. St. Laurent amended the act to provide that the funds would accumulate if some universities temporarily refused the grants.

That amendment, like the annual payments into the fund, was unanimously approved by the house. Thanks to the foresight of Mr. St. Laurent's administration, it is now possible for Quebec universities to recover those $25 million of which they have been deprived for the last eight years because of the malady which had been afflicting the leader of the Union Nationale, an autonomy obsession, as the hon. member for Montmagny-L'Islet (Mr. Fortin) said in Winnipeg.

Those university grants were not a mere whim on the part of the former Liberal government; for in the Massey report of 1950 we read the following:

> The development of our country from every point of view is dependent upon our ensuring that through adequate training our ablest young people are equipped to carry out the tasks which they will be called upon to perform. Because of their financial circumstances, however, many of those potentially capable of playing an important role in the nation's development are unable, under present conditions, to get the necessary education. A national system of scholarships at all university

levels is therefore necessary in our country, and it must be founded upon adequate federal aid for the education of our ablest young men and women.

That same quotation may be found in the 1958 brief on government assistance to education.

First among those who recognized the practical measures designed to implement the recommendations of the Massey commission was Mr. St. Laurent himself, one of the public men most likely to inspire popular confidence, because of his obvious sincerity, of his dislike for opportunists and his recognized competence in constitutional law. Thus were grants distributed through the Canadian Universities Foundation to all universities of Canada during the fiscal year 1951-52.

But, afterwards, the Quebec Union Nationale government denied the universities the right to accept those grants offered through the conference, alleging that they were unconstitutional.

For eight years, the Union Nationale government took no apparent step or failed to submit any proposal to solve the problem, if problem there was. It is only on October 16, 1959, that Mr. Sauve, on behalf of the Quebec government, opened discussions with the federal government in order to come to an agreement and to recover the aforesaid $25 million, which has led to the bill now under review.

By virtue of this bill, Ottawa assumes the right to determine the amount of income a province may take out of a provincial tax levied for provincial purposes. Moreover, the federal government assumes as a matter of course the right to recover from equalization payments, any surplus yielded by the new provincial tax in lieu of federal university grants. Finally, the federal Minister of Finance reserves the right to decide whether arrangements made between provincial authorities and universities are satisfactory.

While speaking of the grant system introduced during the financial year 1951-52, the Solicitor General stated, and this is from page 3288 of *Hansard* for April 26:

—any legislation which finds its place in only nine provinces out of ten and is not acceptable to the tenth province leaves a very grave doubt as to its constitutionality.

Therefore, what the Solicitor General and his Tory friends from Quebec described at one time as unconstitutional must have become a matter admitting of no categorical answer because he himself admits that it is a doubtful one.

If that is the case, why did the Quebec government, the Union Nationale and the Solicitor General fail to refer the matter to the supreme court? That would have been the best way to show they really meant to give financial assistance to universities.

It would be certainly interesting to hear the Solicitor General's reply to that question.

Incidentally, as I am not a lawyer, mine is only a layman's knowledge of the matter—

An hon. Member: We can see that.

Mr. Racine: —and because of the Solicitor General's expressed doubt regarding the question of constitutionality, I would much rather approve the attitude of a man of recognized experience and ability, like the former prime minister, Mr. St. Laurent.

This legislation, designed to replace the former one, is a direct encroachment upon an exclusively provincial field by the federal government.

To use an expression preempted by the Union Nationale, I would say that, never since confederation, had a federal government had the audacity to invade in such direct fashion the administrative jurisdiction of a province.

Never has a federal government dictated to a province how it should spend its budget; yet such will be the result of this.

The federal government is telling the provinces to raise the income tax on corporations from 9 to 10 per cent and to spend the extra revenue on grants. However, if the yield of that tax exceeds $1.50 per capita, the said province is required under this act to hand over the balance to the federal government.

This Tory measure, I repeat, is direct interference in the administration of provincial affairs. And this is the kind of measure which has the approval of that so called autonomist, the Solicitor General, as evidenced by page 3287 of *Hansard* for April 26, 1960, where he said:

I am happy and proud, as a Conservative cabinet minister and as a member from Quebec, to be able to say we have contributed to this worthy cause by finding a solution to the problem of financial aid to universities.

That worthy cause referred to by the Solicitor General is an encroachment, a violation, and a backward step, to use the terms of Montreal's *La Presse*.

Refusing to betray the past of the Union Nationale, the Conservative members of the house prefer to betray the rights of the province.

Mr. Tremblay: What are you saying?

Mr. Racine: To them, whether here or in Quebec, the only thing that counts is power, even at the cost of depriving some of our young people of a university education, when parents earn too little to pay tuition fees that are too high for most families in the working classes.

Just to prove my point, let me refer to a table prepared in 1956 by the National Federation of Canadian University Students, on the basis of information contained in reports submitted to the Tremblay commission by Laval University, Montreal university and the Federation des Colleges classiques de la province de Québec.

The most striking feature, in my opinion, is that 41.2 per cent—therefore almost half—of those students come from the wealthiest social classes which, in the province, form only 10.4 per cent of the working population.

In other words, the children of 89.6 per cent of the population have available for them only a little more than half the university capacity.

During the present debate, the hon. member for Quebec-Montmorency (Mr. Lafreniere) mentioned, as reported on page 9 of the appendix to *Hansard* for April 26, that during the period when the provincial government would not accept federal grants, universities had been treated generously since they had been receiving grants from the provincial government. And he went on to say:

> To the figures I then mentioned I now wish to add that, since 1945, the Quebec government has paid to universities in my province the substantial amount of $112,036,297.38.

I do not challenge those figures given by the hon. member for Quebec-Montmorency; he will however not deny, I hope, that those provincial discretionary grants were derived from the taxes paid to the province by Quebec taxpayers.

Nor will he deny that, since the fiscal year 1951-52, the Quebec citizen has been paying a double tax for this purpose, that paid to the provincial government for university grants, and the one paid to the federal government for grants to universities of all the provinces, except Quebec.

Nor can he deny that, if Quebec had cooperated and made constructive suggestions, the amounts spent by the provincial government to replace the federal grants would have been used, over the last eight years, as a provincial scholarships fund, so as to assist the sons of 89.6 per cent of the Quebec population made up for the most part of workers and farmers, who now account for barely more than half the university registrations.

It is not unfair to assume that, had it not been for the negative attitude of the Union Nationale government, many farmers' and workers' sons could have entered university through an altogether different policy of the Quebec government.

And I am not alone in thinking that the Quebec government's policy was one of no compromise.

I refer now to *Hansard* for April 13, 1959, at page 2649, to quote a statement made by the Conservative member for Sherbrooke (Mr. Allard) about grants to universities:

> That is why if the Quebec government cares to offer a suggestion, to make an official proposal, an appropriate and constructive one, I am positive that this government will consider it with great care and that, eventually, a decent solution will be found in this field.

This is hardly what the Union Nationale government has been doing for eight years.

They preferred to stick to their policy of no compromise; to ride their hobbyhorse of autonomy, a rickety one at that, by the Solicitor General's own admission, as far as the Liberal formula is concerned. However, I must admit, Mr. Speaker, that while this horse paid off plenty at the pari mutuel, in other words was of great help in winning provincial elections, it has handicapped a whole generation of workers' and farmers' sons who could have been helped by the province to the extent of the grants paid by their parents to the central government.

The universities themselves would have been only too happy, in view of their great need, to accept the grants established by the St. Laurent government.

Let me refer to *Le Devoir* for March 28, 1959 and read a few lines under the heading:

> Federal grants must be recovered for Quebec universities
>
> The University of Montreal alumni association and the federation of the Quebec junior boards of trade have again noisily taken up the moot question of education. Both groups call for immediate and positive steps to recover the substantial federal grants that universities and other educational institutions are unable to collect at the very time when their financial plight causes the deepest concern.
>
> But, as was to be expected, Mr. Duplessis cold shoulders such initiatives and is not shy about deploring what he terms university "megalomania".

Two general solutions are suggested: (a) Alumni of the University of Montreal are planning to set up a federation, grouping graduates of all universities in the province, which would become, in Quebec, the counterpart of the Canadian Universities Foundation and could undertake the management and equitable distribution of federal grants. (b) The federation of junior boards of trade proposes, in its brief submitted to Mr. Duplessis, the setting up of a provincial commission on universities and colleges, which would be responsible for the fair distribution of federal and provincial grants.

The suggestions made at the time by those organizations are substantially the same, we have to admit, as those proposed by the Hon. Jean Lesage and the provincial Liberal party. The hon. member for Timmins (Mr. Martin) stated yesterday that the Hon. Jean Lesage was a new Duplessis.

In making such a statement the hon. member does not know that the Hon. Mr. Lesage was a member of the Liberal government which instituted those university grants, thus recognizing the needs of those institutions.

Nor, assuredly, has he taken a good look at the provisions of this bill, which constitutes a direct encroachment on the administration of provincial affairs.

Mr. Duplessis was denying universities the right to receive the grants entrusted by the federal government to the Canadian Universities Foundation which, itself, was handing them over to the universities, without any strings attached.

This bill allows for the payment of these grants providing the Minister of Finance controls the province and the amounts paid to the universities, and those are the very conditions which are unacceptable and Mr. Lesage is absolutely right in refusing them, as he expresses the public opinion prevailing in the province.

Going back to the same item of *Le Devoir* which I quoted a while ago, I note that the universities were not always free to state their acceptance of the federal grants.

It is our purpose to act as a buffer, said Mr. Langlois. We want the universities dissociated from the provincial government and we want somehow to express what the universities are not free to say.

Facts show, added Mr. Tellier, that university authorities in Quebec are not willing to speak and whenever they do the opinion uttered is contrary to that expressed off the record.

Mr. Simon Langlois, whom I just quoted, was the second vice president of the Montreal university alumni association, and promotor of the plan is Mr. Claude Tellier.

[Mr. Racine.]

Some Tory members from Quebec set themselves up as the true defenders of provincial autonomy, under the delusion that the Conservative government is the sole guardian of provincial autonomy.

That is why Mr. Andre Laurendeau wrote in *Le Devoir* for September 9:

First of all, the Diefenbaker government, far from reversing its predecessors' policy, is giving it increased momentum: Canadian universities will receive an additional $8½ million from Ottawa... The first startling fact is the attitude of the central government. During the elections, the Quebec partisans of Mr. Diefenbaker described him as a fierce autonomist. Well, what is he doing in the vital field of education? Precisely what Mr. St. Laurent had done after the Massey report. Consequently, the Quebec Conservatives voted in favour of legislation which had been partly promoted by the Rev. Father George H. Levesque, o.p., a former colleague of Mr. Massey's. What a strange turn of events—

The present legislation proves that the Conservatives want to encroach upon provincial administration, and it is revolting to see all Quebec Conservative members of the Duplessis school now oppose what they have preached in the past. They will vote for a formula of interference in the provincial field, whereas the one they criticized, though doubtful according to the Solicitor General seemed to us Liberals to have no strings attached and to involve no encroachment upon the academic field, since the federal government was making those grants through the Canadian Universities Foundation.

Conservative members from Quebec tried, as they are doing now, to praise the provincial government's action with regard to our people. Now, if we refer to a report by Mr. Paul Doyon published in October 1958, in *Le Devoir*, we find that while those grants were being rejected for doubtful reasons, we were lagging behind the other provinces.

Further on, the article says that the University of Montreal received 36 per cent of its budget from the provincial government.

We can therefore see that the effort made by the Quebec government failed to equal the assistance received by universities in other provinces, because according to the same report, while, for instance, the University of Montreal was receiving 36 per cent of its budget in grants, universities in Ontario were getting 42.27 per cent, when federal assistance was added to provincial grants.

The people of Quebec will certainly realize that the position taken by the Union Nationale and by Ottawa Conservatives

always had and still has no other purpose than to make political capital at the expense of common sense.

So as to define exactly the Conservative position when they profess a genuine wish for autonomy, I should like to quote a few paragraphs from the writings of a public relations man for the Union Nationale and the Conservative party.

That man, a teller of tales about Quebec, said this when dealing with the Quebec Conservatives in a Montreal weekly dated April 30, 1960.

> Never in our parliamentary history has the province of Quebec been so little defended by its federal members.
>
> Never was such a weak delegation sent to Ottawa. It will be remembered that, even at the time of Bennett, the Quebec section of the Conservative party was pathetic. And little wonder, for what Quebec member of parliament, whether a minister, a parliamentary assistant or a private member, can boast of having achieved anything worth while?

About the cabinet ministers' lack of influence the item adds:

> No, wonder, then, that French-Canadian members have no influence on the government. Prime Minister Diefenbaker has a solid background as a centralizer and an imperialist.

Concerning provincial autonomy the author has this to say:

> As for the vital question of provincial autonomy, the Conservative government did not remedy any of the encroachments made by the Liberal government.

Of course, as a publicist for the Union Nationale, the writer is tearing into the Liberal party.

Yet in closing, he refers to the record of the Conservatives in Ottawa, and tells them they will not last out their five years.

The Conservatives are now adoring what they had been denouncing for ten years, and they are prepared to accept this unconstitutional formula and to support it with explanations that are rather lame, to say the least.

You, present Conservative members from Quebec, you, supporters of the Union Nationale, you are being inconsistent; you are bartering the rights of the province for a mess of potage.

Mr. Noel Drouin (Dorchester): Mr. Speaker, I am happy and proud, as a member from the province of Quebec, to take the floor in this house in wholehearted support of this bill. The problem of federal assistance to Quebec universities is one which, for several years, has been causing concern among our French-speaking fellow citizens.

It is a problem which is now hard to solve. However, during the last federal election, the Conservative party had promised the people of Quebec to solve it. We made that promise and we have fulfilled it. It was a nasty problem, and the solution was not an easy one, but, thanks to the good will of the Quebec provincial government and of the federal government, a happy formula was found. The formula which the then government had proposed was unacceptable. Constituting as it did a direct encroachment upon the most sacred rights of the province of Quebec, it was rejected by the government of that province, by the universities, and by the people themselves. It was legislation that could only harm national unity and jeopardize the friendship which exists between the two great races.

I have no hesitation in saying that while the then government had realized the serious problem which our teachers had to face, the former government thought it could settle everything without taking into account Canadian historical and political realities, that is to say, respect for the rights of both sides. It even tried to make us believe that the province of Quebec was a province like the others. Mr. Speaker, I do say and believe on the basis of history and of the rights which were granted to us, that the province of Quebec is not a province like the others, and this belief goes back to the treaty of Paris, which was an inspiration for the fathers of confederation.

While the tide of battle had made us losers on the Plains of Abraham, we got more honourable terms under the treaty of Paris, whereby France yielded Canada to Great Britain, which, in return, swore on the honour of the imperial crown to respect the traditions, religion and language of French-speaking Canadians in Canada.

Unfortunately, this promising treaty did not bring peace to the country. For close to a hundred years, Canada was in a turmoil, and rights were violated on both sides; it was practically impossible to organize education in a reasonably satisfactory way, or promote prosperity in the country.

Need I again recall in this house that, in 1867, men of good will and of great ability, energy and vision, namely Sir John A. Macdonald and Cartier, gave to the Canadian nation that sacred document, the constitution, under which the powers were divided between the central government and the governments of the provinces, the latter being allowed to

elect a government responsible for shaping its internal policies on the basis of the language, customs and traditions of its people.

That is why its terms are clear and in the constitution can be interpreted in only one way when it deals with education. It is clearly said that this field exclusively belongs to the provinces. If this document brought peace in 1867 and allowed two great races to live side by side, why would it be necessary to amend it in 1960, at the very moment when Canada is showing the whole world an example of harmonious and prosperous coexistence.

No one will venture to deny that the British North America Act is a modus vivendi between French-speaking and English-speaking Canadians. The government at the time, in drafting its formula, had looked the other way to avoid seeing the vivid historical realities of the province of Quebec, with the result that, while the English provinces could receive moneys collected by Ottawa to assist universities, the population of Quebec was taxed like the others but its universities were forced to refuse the gifts from the central power.

There was amazement, outside the province of Quebec, at the fact that year after year the leaders of that province were turning down the gifts proferred by the central power. Our opponents even said that we were backward, bunglers and anti-Canadian. I am even prepared to believe that they are responsible for the ungracious remarks made about us by the hon. member for Port Arthur (Mr. Fisher), when he said that, when he comes into the province of Quebec, he encounters only a feeling of hostility. I invite him to come over and see me, and I will give him a taste of French hospitality on the very soil where the finest pages of the glorious history of Canada were written and lived.

Mr. Speaker, the Prime Minister is the first leader of a Canadian government to recognize that the French language and its related culture are a part of the basic freedoms whose survival it is important to guarantee.

We, from the province of Quebec, realize that people in the other provinces are satisfied with the system which has been in effect so far, but we are offering a compromise which enables a province such as Quebec to grant its universities the advantages it has been forced to deny to them because of its respect for autonomy and constitution. Indeed this formula was not easy to find; it was the subject of much controversy. It is not perfect yet, but thanks to the genius of the Minister of Finance and to the clear-mindedness of the premiers of the province of Quebec—and I want to pay at this time a tribute to Messrs. Duplessis, Sauve and Barrette—this solution has become practicable by way of an increase of the provincial tax on business concerns, which can be deducted from the federal tax, a formula which Mr. Lesage always opposed and fought when he was a minister in the Liberal government.

I have no hesitation in saying that this bill is the best way to solve the problem which brought about a crisis for which the Liberals are largely responsible. That formula enables the province of Quebec to regain its place among the other provinces within the confederation. It enables Quebec universities to prosper in the same way as all the others in Canada. The formula remedies a defect, whatever might be said by Mr. Lesage—who has suddendly become the fiercest autonomist, though it is known that the same gentleman suggested that things be left to the Canadian Universities Foundation which should arbitrate each case.

Mr. Lesage is now burning what he worshipped yesterday, though he had actively participated in creating the precedent which is at the very source of the difficulties we are trying to solve. Mr. Lesage seems to have a singularly short memory. He was a cabinet member in the Liberal government when chapter 29, 4-5 Elizabeth II was passed in 1956. Let him carefully go over the provisions of that act and he will see what vast powers are vested in the Minister of Finance.

What strikes me in this bill is that the minister will no longer have his say on the structure of institutions of higher learning, nor on the requirements for entitlement to grants. It will no longer rest with him to define the terms, as was decided by Mr. Lesage and his friends in 1952.

Mr. Speaker, I feel that those things needed to be told in this house so that the province of Quebec might be considered as it should be.

As for the bill under discussion, I might say, in short, that the present government has agreed to withdraw from a taxation field so that the provincial government may itself collect the moneys to be paid to universities. May I add that universities are the very

basis of a nation's development and that they should be allowed to grow in accordance with their healthiest and jealously guarded traditions.

Such, Mr. Speaker, was the honourable action of this government, and I am certain that Canadians will feel proud because everyone will progress towards his noblest aims.

(Text):

Hon. L. B. Pearson (Leader of the Opposition): This bill to which we are now giving second reading does two things, and in doing them embodies two principles; and we are dealing, on second reading, with principles. In the first place, it seeks to continue for two more years the modification of the Federal-Provincial Tax-Sharing Arrangements Act by which an extra 3 per cent of the federal personal income tax is either paid to or abated in a province under legislation initiated by a Liberal government and passed in this parliament in 1956. That is, it increases the amount of personal income tax available to the provinces under Liberal legislation and increases correspondingly equalization payments.

We on this side are proud of the fact that through this equalization payments principle we have made this law, passed in 1956, a main buttress of the financial strength and the financial autonomy of all the provinces of Canada. Indeed, in all but the richest provinces it is indispensable for that purpose.

Through the equalization principle embodied in this legislation we have made it possible for all the provinces in Canada to provide on a roughly equal basis the essential services which, under the constitution, the provinces alone can provide and which must be provided if there is to be national unity under a federal system.

Naturally we do not intend to oppose or even appear to oppose this principle in legislation designed to continue and, to some small degree, to ameliorate the tax-sharing and equalization principle which was established, despite Conservative opposition, by parliament in 1956.

We have noticed with considerable interest and, indeed, with some satisfaction, that the Conservative premier of Manitoba in his recent budget speech stressed the vital importance to his province of the maintenance of this principle of equalization. We agree with it. We on this side of the house will oppose any weakening of that principle. We will oppose it in this house and outside the house. For that reason we have noted with some concern the statement made by the Minister of Finance (Mr. Fleming) on April 26 in this debate which is recorded on page 3278 of *Hansard*. In that statement the minister took some credit for, indeed he boasted that the government has honoured the legislation introduced by a government representing this party in the House of Commons, the legislation re tax-sharing—

Mr. Fleming (Eglinton): No, the agreements entered into under it.

Mr. Pearson: Very well, the agreements entered into under the legislation. By implication the minister is taking credit because the government has not repudiated the legislation which made those agreements possible. That is quite a change from the position taken in 1957 during the election campaign when one of the first things government members said they were going to do, we were told, was to replace this kind of legislation with a new deal in federal-provincial taxation arrangements.

Having failed to carry out that promise the minister now makes a virtue out of honouring the agreements contracted under that legislation, this is, to say the least, a somewhat illogical position.

Our concern arises, however, over the minister's suggestion in the statement to which I have referred that some different kind of arrangement might come into effect after March 31, 1962 as a result of the deliberations of the forthcoming dominion-provincial conference. I want to make it absolutely clear that as far as the Liberal opposition is concerned, we do not believe that there is any adequate substitute for equalization and we do not believe there should be any weakening whatever of that principle. That does not mean, however, that the present arrangements could not be modified in details or that if we were in office we would not propose certain modifications based on experience without interfering with the principle involved, the principle of equalization.

Hon. members opposite when they were in opposition advocated a system of allocation of tax fields as opposed to the principle of equalization as my hon. friend the Minister of Finance will well remember when he served in this house under the Hon. George Drew. We do not believe that any system of allocation of tax fields alone will provide sufficient revenues to the less wealthy provinces or those provinces with a smaller tax base which will enable them adequately to discharge the functions given to them under our constitution.

We, the Liberals, continue to believe that if the provinces are to have meaningful autonomy—autonomy that really means what it should mean—they must be assured of sufficient revenues to provide approximately equal services to Canadian citizens right across our country. We feel, therefore, that the Minister of Finance in closing this debate

should tell the house whether the government still advocates substituting for tax-sharing and equalization the kind of allocation of tax fields which he and hon. members of his party talked about when they were in opposition or whether they consider themselves bound by the assurance given by the Prime Minister (Mr. Diefenbaker) in the province of Manitoba during the election campaign of 1957 that a Conservative government would maintain the principle of equalization in federal-provincial fiscal relations.

This is a perfectly clear and straightforward issue on which the people of this country and their representatives here in parliament are entitled to know the position of the government. If there is any doubt whether this government intends to maintain the principle of full equalization, that doubt should now be removed. Meanwhile, the present bill if it is passed will assure the continuance of the Liberal policy of tax-sharing and equalization as already modified since 1958, from year to year, by the present government. It will continue it for a further two years. Because we believe it is in the national interest to do this and because indeed we are the initiators of this principle in legislation, naturally we intend to support the second reading of a bill which embodies this principle. How could we do otherwise?

But there is another principle in this bill and it deals with federal grants to universities. The principle here is simply whether the federal government should help in this regard. The principle is not the formula or the method of doing it though, of course, that might make the application of the principle either impracticable or undesirable, or both. This principle of federal aid to universities was, of course, laid down by legislation introduced in this house by a Liberal government in 1951 and, as has already been pointed out more than once in this debate, passed unanimously. We still, of course, strongly believe in this principle just as we are more convinced than ever, even more than we were in 1951, that higher education in this country needs federal aid which should be available to every university in every province. The need is now demonstrably greater than it has ever been and so here again we will support the principle of the bill although we do object to certain provisions, as my friend the hon. member for Laurier (Mr. Chevrier) and other hon. members on this side have made clear, and as we shall again make perfectly clear in committee. To take any other stand on second reading which deals with principle would be contradicting our whole previous position as indeed some of my hon. friends opposite will be doing to theirs if they support the bill.

[Mr. Pearson.]

This bill seeks to place university grants which have been paid up until now by virtue of the annual Appropriation Acts—and it is well to remember and emphasize this as has already been done in this debate—under statutory authority. It will enshrine them in legislation which will continue for two years under an amendment to the Federal-Provincial Tax-Sharing Arrangements Act while seeking to provide a statutory authority for the university grants instituted by the government of Mr. St. Laurent. We must not forget that. Whatever happens to the alternative, this particular formula remains now in the legislation.

But the bill also seeks to provide an alternative method of making federal financial assistance available to the universities within any province in which the provincial government desires to adopt it and makes the necessary arrangements for that purpose, with the federal government.

We should recall, as I have already done, Mr. Speaker, that grants to universities under the existing formula were approved by all members of the house in 1951 and not a single member of the house, including a single member of the opposition at that time, opposed that bill.

Mr. Balcer: There was no vote.

Mr. Pearson: Not a single member of the opposition opposed the bill. It was open to any member of the opposition who objected to the bill to get up and vote, and not a single member did that, not even the present Solicitor General (Mr. Balcer).

Mr. Chevrier: He did not say a word.

Mr. Pearson: When a bill of this kind passes through the house without a vote it passes through the house unanimously. Any member opposing the bill can get up and oppose it and call for a vote. At that time in the debate no question of constitutionality was raised by my hon. friends opposite, including the Solicitor General. At that time this particular formula was accepted in the house. It was approved by all the provinces, including Quebec, and it was approved by all universities that were to benefit from it, most of whom have already benefited from it and before long perhaps they will all benefit from this formula because of the amounts that have accumulated under it.

Only later was there a change of heart in Quebec; only later, in 1957, was that change reflected in this house in a shadowy kind of way by the present Solicitor General but by no one else on the treasury benches. Even during this particular debate, in so far as we can gather from what has been said and

what has not been said, no member of the treasury benches except the Solicitor General challenges the constitutionality of our formula. The Solicitor General admits this. Nevertheless, in spite of what has been said by some of his colleagues and what they have not said, he thinks—and he has, of course, the right to think, and some of the Conservatives from Quebec in this house also think—that this provision, which has been in existence now for some years, is against the constitution. It is against the constitution, even though they will vote for it, presumably, when this bill comes up for a vote.

Mr. Balcer: It applies to all provinces; yours applied to only nine.

Mr. Pearson: Yes, indeed, it applies to all provinces but, according to the Solicitor General, it is only unconstitutional in its application to Quebec. It is quite valid and constitutional so far as the rest of Canada is concerned.

Mr. Chevrier: That is a new doctrine.

Mr. Pearson: Therefore, the Solicitor General will vote for it under this new, this amazing, this really revolutionary doctrine of the divisibility of the constitution.

Mr. Balcer: May I ask a question?

Mr. Pearson: Yes.

Mr. Balcer: Does the Leader of the Opposition call legislation that is absolutely unacceptable to one province good legislation?

Mr. Pearson: Mr. Speaker, I will come to that later. Of course, we want legislation to apply and to be acceptable to all provinces.

Mr. Balcer: So do I.

Mr. Pearson: I am not dealing with that; I am dealing with the Solicitor General's point that this provision is now unconstitutional but the rest of the legislation, including the formula which his government is introducing, is constitutional, also that the part that he considers unconstitutional in its application to Quebec is perfectly valid in its application to the rest of the country. What kind of constitutional doctrine is that? I call it the divisibility of the constitution and it is something new in constitutional law. If we take that doctrine seriously, then indeed this country would be in danger of tragic disunity, almost of Balkanization; where we could have a constitution divisible in this way in order to make parts of legislation acceptable to one part of Canada which are not acceptable to other parts of Canada and put them all in the same bill. Surely no one wants that kind of disunity, that kind of Balkanization, as I have called it. I am sure no one in this house wants that but this disunifying idea—and that is certainly what it is—we can oppose and we can oppose it strongly without coming into conflict with another essential view which we hold that there must be full and unreserved recognition of every provincial right under the constitution.

Mr. Ricard: That is contrary to what you have been preaching all the time.

Mr. Pearson: My hon. friend may reserve his speech for a subsequent occasion unless he has an intelligent question to ask me which I will do my best to answer.

This is not inconsistent with the complete, absolute recognition of provincial autonomy within our federal system or, if you like, with diversity in unity, and the necessity for it in our federal system.

Mr. Ricard: You want to deprive Quebec of $25 million.

Mr. Pickersgill: Down, Fido.

Mr. Ricard: Peewee.

Mr. Pearson: Perhaps that intervention will save me from making any other kind of reply to the interjections I am getting.

I go on to say—and this is a serious matter; perhaps my hon. friend will treat it seriously although that may be difficult indeed—that on no other basis can our federalism, our unity and our nation survive. We on this side have been saying this for years; not only saying it for years but acting on it for years.

So far as I am concerned, since I have been the leader of this party—and I have before me statements from speeches which I have made on this subject not only in Quebec but in all parts of Canada—I have insisted that only on that doctrine can our nation survive as a united nation.

Mr. Ricard: You have been preaching another doctrine in the other provinces.

Mr. Speaker: We cannot have a debate within a debate here. We must respect the rights of the hon. member who has the floor.

Mr. Pearson: Thank you, Mr. Speaker. It is going to be awfully difficult for my hon. friend, who is so sensitive about this subject, to keep quiet but I hope he will do his best under your admonition.

Under that doctrine there must be no interference, direct or indirect, explicit or implied, with the rights of the provinces, especially in the field of education. I will go further, as indeed I have already gone further outside the house and I have statements here which will verify that. While the rights of all provinces must remain unimpaired, I think it must be

admitted by every fair-minded Canadian—and most Canadians are fair-minded—that the province of Quebec has a legitimate and special preoccupation with, and perhaps a special responsibility for the preservation and the strengthening of those rights.

After all, she is the guardian of a culture, of traditions and of a language which are not that of the majority but which should be considered as part of our national heritage by every Canadian, whatever his race, his religion or his language, in whatever province he may live. We will never have complete national unity in Canada until all Canadians accept this position, not as a regrettable necessity but as a positive and unique asset in our national development.

Quebec, therefore, has, and must have in the nature of things, a specialized and recognized concern with education. Nor can it be a source of anything but regret in this house and outside this house when a division occurs between any federal government and any government in Quebec over the validity and acceptability of any step taken or any proposal made by the central government to assist, without any strings attached, the provincial government in the discharge of its responsibilities in the field of higher education. When there is such a difference or such a division, and when it is removed by agreement, all Canadians should be able to rejoice in that removal. But, Mr. Speaker, this means, indeed it must mean that the agreement is a sound and wise one and does not bear within itself the seeds of future trouble and future division.

For that purpose, any formula or any agreement designed to remove any differences and bring about an arrangement must first be applicable in its terms to all provinces so that there will be no unfair discrimination, indeed no discrimination of any kind. Second, it means the arrangement must ensure that it will be used for the purposes intended, and that it is satisfactory for these purposes to the universities as well as to the governments concerned. Third, it must be of undoubted constitutional propriety.

It is on this last ground that we on this side have grave doubts, grave concern, about the alternative formula proposed in this bill. Indeed, we find it very difficult to understand how those who refuse to accept the present arrangement in regard to aid to universities, which, it must not be forgotten remains in the bill, can accept without question or without any misgivings the constitutional propriety of this new formula. I ask, Mr. Speaker, would those who objected in earlier years, and objected so bitterly, to the arrangement we put forward, would they in those years have considered this to be a satisfactory alternative arrangement? To ask the question is to answer it.

Mr. Grafftey: I answered it.

Mr. Pearson: My hon. friend has answered a lot of questions in the house these days. I only regret I was not here to hear his answer on this very important problem. Indeed, he has become, in very short order, the conscience of the house.

The two principles in this bill which I have ventured to mention we strongly support now as we have over the years. As we are now voting on these principles, naturally we will vote for the bill on second reading. When we discuss this bill in committee we will do our best to have the offending section implementing one of these principles removed, and to have it replaced with something better, of permanent and accepted value, something which will not only help to meet the urgent and increasing needs of higher education, which we all admit, but do it in a way which will unite rather than divide us.

(Translation):

Mr. Martial Asselin (Charlevoix): Mr. Speaker, the explanatory notes of Bill C-56 provide for alternative arrangements for the payment of grants either by Canada through the Canadian Universities Foundation, or directly by a province to institutions of higher learning, which grants are now paid under the Appropriation Act.

We know that the spirit of the 1953 act, passed by the Liberals, which defined the terms "university", "student", "university graduate", "university level", had not met with the approval of the universities, which since 1952 have been refusing any direct grants, because they rightly claimed that such a formula was a direct encroachment by the federal government on our system of education.

Mr. Speaker, the attitude of university leaders on this question was logical, unequivocal, clear and precise. But the Liberal government, disregarding their attitude, kept on claiming that university grants were constitutional, and by that very fact, kept on imposing upon the province of Quebec a system of grants which was repudiated not only by the government of the province of Quebec but also by the whole population, and on several occasions.

Since 1952, the Liberal government had been applying to Quebec universities the principle of "believe or die", by letting very

substantial amounts of money accumulate in the fund of the Canadian Universities Foundation, hoping thereby that some day our universities, being discouraged, would weaken to the point where we would make them accept that centralizing formula.

To be sure, the financial plight of our universities has been such that at one time the matter became a problem of cultural survival on a national scale. Our universities lacked the financial means of paying their professors the same rates of salaries as did universities in other provinces. That is why, for some years we were in the sad position where professors were leaving our Quebec universities to work in other more lucrative fields.

That situation, of course, could not go on indefinitely. In the last election campaign, Conservative members from the province of Quebec had promised the population that they would, with the co-operation of cabinet ministers, seek a more acceptable formula for our universities, one taking into account all cultural and racial factors of the problem, so as to prevent, on the national level, a discrimination which had lasted long enough. The sustained efforts and initiatives of Quebec premiers, implemented by their positive representations, and supported by the understanding of the present cabinet, finally produced results which for the moment are satisfactory and which, I repeat, were accepted by the population of the province of Quebec as a whole. Bill C-56 certainly contains certain imperfections; yet it is, to my mind, a constitutional recognition of the fact that education is an exclusively provincial field under section 93 of the British North America Act.

As we all know, the Quebec provincial government during the last session, passed some legislation to assist our universities, either by increased grants, or by underwriting loans to our universities by means of a consolidated fund, so as to further their development.

I think we should immediately establish a marked distinction by saying that the legislation now before us is not supplementary to other acts passed by the provinces with regard to education. Those are completely different provisions which are not mutually subordinate and they apply in altogether different fields.

In his speech of April 26, 1960, the hon. member for Laurier (Mr. Chevrier) made much of the terms which were allegedly being imposed upon any province wishing to benefit under this legislation. Mr. Speaker, it requires a somewhat fertile and perhaps slightly deranged imagination to see in Bill C-56 facts that do not really exist. We should remember that this is fiscal legislation and that there is no question of a divided jurisdiction.

Now, where does it say in the act that, in order to exercise its jurisdiction on university education, a province must comply with any terms stipulated by this legislation? Clause 9A does not mention any. On the contrary, that section eliminates all terms imposed by the unamended part of the act or by various acts or procedures authorizing the Minister of Finance to decide who will receive grants awarded under the 1951 or 1954 formula. Nobody will find in clause 9A a single word which could lead to believe that the government of Quebec must obtain authorization from Ottawa to proceed with the direct financing of its universities.

On the contrary, we find that there is parallel action on the part of those governments. The first one, i.e. the government of Quebec, passes certain legislation guaranteeing exclusive action on its part with regard to the financing of education at the university level. Whether Bill C-56 is passed or not, it will in no way modify existing conditions in Quebec under the new provincial laws.

The object of this bill does not directly affect university financing. It merely concerns the deduction of certain taxes paid by Quebec corporations to the Quebec government and which are earmarked for university grants according to the province's own free choice.

The yield of the new tax, of which every Quebec corporation is exempt, is in no way limited by this legislation. Indeed, my colleague, the hon. member for Bellechasse (Mr. Dorion), proved it the other day by indicating that Quebec universities will receive $1.75 per capita whereas the 1951 formula, amended in 1958, only provided for $1.50 per capita. As a matter of fact, Mr. Speaker, the present legislation authorizes a province to give more than $1.50 to its universities, if the province so desires.

All Bill C-56 does is to recognize given facts determined exclusively by the province. Instead of perpetuating a confusion which was created by the Liberals in 1951,

this government is offering every province the possibility of financing its university education directly by assigning to this purpose an additional 1 per cent of the corporation tax. It can therefore be said that this legislation offers a possibility of flexible administration which could not be found in the rigid provisions of the 1951 act which forced the provinces to accept federal grants or to deprive their institutions of higher learning of such grants. As I said, the theory of "believe or die" was contained in the 1951 formula which imposed those terms, whereas the one provided under clause 9A eliminates them and replaces them by an option.

However, we must admit that the federal government, under the statutes, cannot give grants to universities nor allow any deduction higher than the amount provided under those statutes. This is no longer a matter of education but of taxation.

Now, Mr. Speaker, what, exactly, is provided in the fiscal arrangements act? Any provincial income tax, or corporation or succession duties tax, will be subject to an exemption of so much per cent, according to the tax in question.

Bill C-56 exempts Quebec corporations of the whole additional 1 per cent which they will have to pay under freely imposed provincial legislation. It could just as easily have exempted that provincial tax up to the extent of $1.50 per capita only, or about 0.8 per cent.

In adjusting its equalization payments, either upwards or downwards, according to what the province will get, Bill C-56 follows exactly the same principle under which, in its other sections, it exempts provincial tax in a given proportion.

Unless the tax-sharing arrangements act is considered as absolutely unconstitutional, we must admit that the federal government has just as much right to adjust its equalization payment by setting a maximum amount as it can by a maximum deductibility percentage.

Besides, Mr. Speaker, the hon. member for Laurier was the first one to give us an example of such procedure. He was a member of the cabinet—and so was Mr. Lesage—which did not recognize the 1 per cent Quebec corporation as deductible. As this provincial tax, held non-deductible by the Liberal government, yields a few million dollars a year, the federal treasury has always deducted the amount of that provincial tax from its equalization payments.

[Mr. Asselin.]

I wonder if, like the hon. member for Laurier, we are not inclined to recognize as a debt to the federal government the equivalent of a provincial tax.

If it is fair and constitutional to deduct the income derived from the Quebec corporation tax from equalization payments due to Quebec, it is as fair and constitutional to deduct from those same equalization payments any amount levied by Quebec in addition to what the federal government is authorized, by statute, to earmark for university education.

I believe that on this question the hon. member for Laurier is in a dilemma. Either he must admit that he has unfairly treated Quebec under the fiscal arrangements act adopted by the government of which he was a member, or else he must admit that his fine distinctions do not hold good, that his argument is completely reversed, and his whole speech of April 26 last was merely designed to confuse a very clear issue.

The attitude of the federal government towards a problem which has long held the attention of Quebec taxpayers, shows that this government has taken a serious step, and is giving some indication that it will be ready, when circumstances permit, to gradually withdraw from the provincial taxation field and thus respect the Canadian constitution.

Therefore, in my opinion, as evidence of its recognition of the fundamental principle that the province is exclusively responsible for education, this government has not required, in order to grant that deductibility, that the province of Quebec first sign an agreement with the federal government in order that the taxpayers of that province might be in a position to take advantage of that 1 per cent exemption on corporation tax.

Mr. Speaker, in the last debate on this matter, we witnessed a flagrant contradiction in the attitude of the Liberals on this problem. It is particularly hard to reconcile the moving appeal of the hon. member for Laurier against what he terms an encroachment on the autonomy of the provinces, with the centralizing views that the Liberal government always displayed on this most important matter of education.

In support of his arguments on what he described as respect for the autonomy of the provinces, the hon. member for Laurier quoted from a decision of the Supreme Court of Canada in the case of the Attorney General of Nova Scotia *et al versus* the Attorney General of Canada *et al.* He particularly drew the house's attention to the following excerpt, and I quote:

Neither the parliament of Canada nor the legislature of any province can delegate one to the

other (to be exercised by that other as a parliament or legislature, as the case may be) any of the legislative authority respectively conferred upon them by the British North America Act and especially by sections 91 and 92 thereof.

He also quoted from page 391, in which Mr. Justice Estey, among other things, had this to say, and I quote:

Moreover, the provisions of the British North America Act contemplate these legislative bodies will, at all times, in the exercise of their sovereign jurisdiction, act as principals. There is no express provision nor is there any other provision under which it could be reasonably implied that these bodies were intended to act as agents one for the other.

In a word, Mr. Speaker, the conclusion is that the federal government cannot rent to the provinces its taxation rights, no more than the provinces can rent their own taxation fields to the federal government.

The Conservatives have always supported this principle and reaffirmed that the theory of the fiscal agreements made by the Liberal government with the provinces was a rental of powers and, consequently, that those fiscal agreements were illegal and unconstitutional.

When he quoted that excerpt from this decision of the supreme court, the hon. member for Laurier condemned the whole theory of fiscal arrangements with the provinces entered into by his government since 1940, and it would be ill-advised for him now to lead us to believe they respect autonomy when his government took the liberty for so long of sabotaging the whole fiscal system clearly established by the Canadian constitution.

Besides, Mr. Speaker, nearly all newspapers of the province of Quebec have criticized the hon. member for Laurier for his failure to use this autonomist argument at the right time when he was a minister in the Liberal government.

Mr. Tremblay: He was not in Quebec at the time.

Mr. Asselin: We wonder, Mr. Speaker, if the autonomist speeches the Liberals are making today are not inspired by their regrets for the things they neglected to do in the past to safeguard the Canadian constitution, or if they are allowing themselves to be carried away by the electoral considerations which have been set forth for some time by the Liberal leader in the province of Quebec.

However, the Liberal opposition members should remember that the province of Quebec does not believe in this time-serving argument they cling to while all their past actions have been a continual challenge to it, when they wanted the taxpayers of the province of Quebec to admit that their legislation concerning fiscal arrangements was constitutional.

Mr. Speaker, the bill under study has also a provisional aspect. In fact, as we all know, in 1962 there will be a complete revision of the whole fiscal system established between the provinces and the federal government by the Liberals. Even if this bill is less than perfect, it remains that we have only two years to experience its constitutional effects and, in 1962, the authorities concerned will be free to accept it permanently or to reject it if its constitutionality is seriously questioned.

The Conservative party has taken a serious step, Mr. Speaker, and deserves to be thanked for it.

It is an acceptable solution and is worth taking the risk, if any, up to 1962.

Mr. Speaker, I think we should ask ourselves what is the solution put forward by the Liberals to avoid this so-called encroachment upon the autonomy of the provinces.

In all the speeches made by Liberal members, no exact solution was indicated. They apparently persisted in returning to the old Liberal formula. As a matter of fact, the hon. member for Laurier, in his closing remarks, pointed to this more clearly than the others had done. He was quite right in replying to the hon. member for Port Arthur (Mr. Fisher) that: "The poison is in the tail"; *in cauda venenum,* is what he replied to the hon. member for Port Arthur when the latter stung him by suggesting that the purpose of his speech was to help Jean Lesage, who was trying to make this bill an election issue.

If we carefully go over the conclusions of the speech of the hon. member for Laurier, on page 3284 of *Hansard* for April 26, 1960, we can immediately see that the poison is indeed, in the tail end of his speech. Here is what the hon. member said:

—we are also in favour of the university grants paid out of the federal treasury, which were started by a Liberal government, and distributed through the Canadian Universities Foundation.

Now, Mr. Speaker, it is precisely that formula that was rejected on several occasions by the province of Quebec, because it was regarded as a direct intrusion of the federal government in the field of university education.

Whether the federal government gives money to the universities directly or through

the Canadian Universities Foundation, the taxpayers of the province of Quebec have never accepted this formula; first, because it is not in accordance with our constitution, and also because it cannot meet our cultural and ethnic needs.

The Liberal party does not offer any other alternative; even today, it wants to hang on to its centralizing doctrine though Quebec authorities condemned it on several occasions.

Some Liberal members also complained that no positive offer had been made to change the financial position of universities, similar to those made to the Conservative government. It was useless to formulate any, as even today, the hon. member for Megantic (Mr. Roberge), following in the footsteps of the hon. member for Laurier, vigorously again stated that the only possible solution to help finance universities are direct grants to those institutions paid out of the federal treasury. Where can we find consistency among those members?

Whereas, those same members used to denounce the rigid attitude of the Quebec premier, Mr. Duplessis, on the very controversial question of university grants; whereas they liked to repeat that the province of Quebec was like any other province and took great pains to have the Liberal university grants system recognized as constitutional they are, Mr. Speaker, brazenly burning today what they formerly reverently worshipped.

The autonomist doctrine of Mr. Duplessis which was formerly absurd according to some hon. members, is today the leading argument advanced by the Liberals to state that this bill represents an encroachment upon provincial autonomy. Never, at any time, have the Liberal party been the defender of provincial autonomy in this house. Today, it borrows that expression to serve the political interest, and arguments of a member who sat in this house with the reputation of being in favour of centralization, of a representative who took pleasure in wilfully denouncing the justified claims of the province of Quebec in this field.

But today that former member, Mr. Speaker, is the Liberal leader in the province of Quebec and he was obliged to shed his skin, because he has to please the voters in that province if he wants to sit one day in the Quebec legislature. But, Mr. Speaker, we must remember that the province of Quebec is not composed of misled but of comprehensive and grateful people who have, on various occasions, seen through the actions of the Liberal party when that party had a chance to solve the problem just as the Conservatives finally did.

Of course, the Liberal opposition is disappointed. During the last election, they challenged the Conservative members with regard to the absolute impossibility of settling our university problem. But, thanks to the understanding of the Conservative government and of the Minister of Finance, and in accordance with the promises made by the Prime Minister of this country (Mr. Diefenbaker) in the city of Quebec during the 1958 campaign, all Canadians, whatever their origin, their language and their religion, will be equal partners in a free democratic country.

It is no surprise that in view of that discriminatory situation that the province of Quebec had been exposed to for a number of years with regard to grants to universities, the Prime Minister and the members of the cabinet have been able to find a temporary formula that is acceptable to the authorities of the province of Quebec. This realistic compromise, as it was described by the Solicitor General (Mr. Balcer) on April 26 last, will have healthy results. To mention only a few, let me quote from an article by Clement Brown, parliamentary correspondent for *Le Devoir*, who wrote on April 28 last:

> The logic of the absurd or insoluble problem: What will be the effect of the Fleming bill? The first, and most obvious, is on the credit side: it stops, at least for a time, any collective pressure for additional interventions by Ottawa in the field of education financing.
>
> The second effect of the Fleming bill is to assure to the province of Quebec the exercise of its exclusive jurisdiction in the field of education and educational grants. That positive result in the constitutional field is offset by serious restrictions, not on a taxation right, but on the yield of a particular tax.

And further down, he went on to say:

> Another result of the Fleming bill is that it opens the door to the dislocation of the fiscal agreement system, in the sense that it makes their provisions more flexible. The provinces can exercise their fiscal jurisdiction, but only on the precise scale provided for by the deductibility clause. That looks to us like a step forward, because it allows the provinces to achieve a greater awareness of their constitutional responsibilities.

Mr. Speaker, I think this parliamentary correspondent has summarized the whole situation in a nutshell; there is no need to go into further detail.

So, I will be proud, as a Conservative member from the province of Quebec, to give wholehearted support to this measure introduced by the Minister of Finance, because,

with my colleagues, I am convinced that it will reaffirm to the provinces their exclusive right in the field of education and will also give our universities the means to develop intellectually and culturally, in all fields under their jurisdiction, so they can make a better social and cultural contribution to the whole nation.

Mr. Alexis Caron (Hull): Mr. Speaker, this bill is a rather complex one. On the one hand, we hear some members say that the former system was unconstitutional and irregular and, on the other hand, we hear experts who claim also that this proposal is unconstitutional and irregular.

But, Mr. Speaker, when the Minister of Finance (Mr. Fleming) introduced his resolution he came to the house with a cheerful and even arrogant air, I even believed for one moment, that he was to introduce something which would be so clear, so definite, that not one member in this house could find any fault with it.

He reminded me at that time of Chanteclerc who believed that without his crowing the sun would never rise and that the night would last forever.

As I was recently rereading his Ode to the Rising Sun, I could not help repeating these final lines spoken by Chanticleer:

Je recule, ébloui de me voir moi-même tout vermeil, et d'avoir, moi le coq fait lever le soleil!

That was indeed the impression the Minister of Finance gave me at the time and which he gives us usually when he introduces something in the house.

What did the minister tell us? He dealt at length with grants to universities, as if they were his idea; but everybody knows that grants to universities are a Liberal achievement. In fact, it was the Liberal party which, in 1951, established grants to universities and I remember that when the Conservatives and the Liberals approved it, this legislation was unanimously adopted. But the fact remains that it had been thought up by Mr. St. Laurent, after he discussed it with the authorities of the different provinces.

It is a Liberal legislation we adopted at the time, that we are approving today and that we continue to approve.

Mr. Ricard: But put into force by a Conservative government.

Mr. Caron: We feel that the federal government has not only the right but the duty to assist our institutions of higher learning. That is why, as indicated by previous speakers and particularly the Leader of the Opposition (Mr. Pearson), we are certainly and without any hesitation going to vote in favour of the principle of the bill providing for assistance by the federal government to our universities and colleges.

The Minister of Finance also said that the 13 per cent personal income tax exemption would be continued, which is nothing new, but merely the continuation of what already existed.

He also mentioned a 1 per cent additional exemption on corporation taxes, limited however to $1.50 per capita. Contrary to what was going on under a Liberal administration, that raises a difficulty. We made grants to universities through an organization of their own choice with no strings attached. They received the money which was distributed on a per capita basis and the universities were free to use it as they pleased.

In this case the federal government allows a deduction of 1 per cent but not exceeding $1.50 per capita and any amount above that must be repaid by the provincial government. In this regard, an act was passed by the government of Quebec during the last session but there was no provision in it for a repayment to the federal authorities. If a provincial government fails to repay the excess amount received the Minister of Finance may deduct an equal amount from the equalization payments due to that province. If that is not unconstitutional I say it is an injustice to the provinces. The province is authorized to collect moneys, but if the amount is too high it must be repaid. In my opinion—I am not a lawyer, I know that I may be corrected if necessary—this is an injustice, because the provincial government levied an additional 1 per cent tax, to the extent of $1.75 per capita of the amount derived from the additional 1 per cent collected by the government.

And the minister thought he had discovered a formula. Everybody knows that it is not him but the Hon. Mr. Sauve who discovered it. It is the Hon. Mr. Sauve who submitted that formula, but it is the Minister of Finance who succeeded in including their restriction that we find irregular and that should be taken out. Even if Mr. Sauve had accepted this restriction, I maintain that it would be unconstitutional just the same

because neither the premier nor the government of a province has a right to be guided in its legislation by a government of another province or by the federal government. All our provincial governments are autonomous and have rights, privileges, and responsibilities and they must act accordingly.

That is why the member for Bellechasse (Mr. Dorion) who is a brilliant lawyer, a fine counsel, could not help answering, when the member for Lapointe (Mr. Brassard) asked him what he thought of this aspect of the measure, that it was a compromise; he did not say that it was absolutely perfect legislation which could be accepted as some Conservative members have just said.

Moreover, he added that he was hoping for something better for the future. Thus it was not clear even in the mind of this lawyer and if it was not clear to him who is attempting to rescue the government from its predicament, how could it be clear in the minds of the others who study it objectively in order to pass legislation which would be acceptable to the governments of all the provinces.

Besides, if one accepts this principle as being legal, I understand that should a province refuse to repay the surplus collected, the federal government could reimburse itself from the equalization payments going to Quebec. Do you not see the injustice of this system? If the government of Ontario or the government of British Columbia, who do not get an equalization payment, were to collect the 1 per cent tax, as it is their right to do, and then refuse to repay the surplus to the federal government, the latter would be unable to recover from the equalization payments the amount it claims from these provinces. Where there is a way to recover because there is an equalization payment, only the poor provinces will be compelled to repay. This would come to be if not an illegality, at least a flagrant injustice for the provinces and I maintain that the federal government has no right to take such action.

Furthermore, I am relying mostly on arguments put forward in an authoritative way by the member for Laurier (Mr. Chevrier) when he quoted from decisions of the Supreme Court of Canada, especially that in the case of the Nova Scotia government versus the attorney general and troops and Cape Breton. These decisions show quite clearly that the provincial governments are not entitled to transfer their powers, even to the federal government, because the federal government in Canada is not supreme. Such was the intention of the fathers of confederation so that the rights of the minorities would be duly respected in each province, and especially the rights of the Quebec majority as regards the rest of Canada. The governments cannot—

Mr. Pigeon: Mr. Speaker, may I direct a question to the hon. member.

Mr. Caron: Certainly.

Mr. Pigeon: Does he not think that the Liberal federal government made an enormous mistake when it sought to subsidize the universities, especially when one knows how minorities are treated in certain provinces?

Mr. Caron: Mr. Speaker, I shall come back to this later on. I do not care to answer right now since I must come back to it, but an answer will be given in due course.

Mr. Ricard: It would be too embarrassing just now.

Mr. Caron: Do I still hear the hon. member for St. Hyacinthe (Mr. Ricard)? Hearing him, one would think we were under the Union Nationale in Quebec.

An hon. Member: A parrot's tone?

Mr. Tremblay: Quite an embarrassing question.

Mr. Caron: Mr. Speaker, I also hear the member for Roberval (Mr. Tremblay) who puts in his word. He is used to talking from his seat rather than standing up. When he stands up, he continues to let out a stream of words disorderly arranged trying to express his thought but he never succeeds.

I wonder if I could find some expression fit to describe my hon. friend if I looked up the authors. Oh, here it is: "Le malade imaginaire" (The Imaginary Invalid). But that would not do, for there is nothing imaginary about his ills. Perhaps I could use—

Mr. Deputy Speaker: Order.

Mr. Caron: —"Les précieuses ridicules" (The Romantic Ladies).

Mr. Deputy Speaker: May I ask the hon. member for Hull to come back to his speech?

Mr. Caron: Mr. Speaker, I intend to come back to my speech, but not to stand for all the interruptions from that fellow—

An hon. Member: He is sick.

Some hon. Members: Oh. oh.

Mr. Caron: —for you could hardly find words to qualify that kind of person in this house.

An hon. Member: The hon. member for Hull is sick.

Mr. Caron: Talking of sick people, there is one there. It shows in his face.

Mr. Deputy Speaker: Order. Order.

Mr. Caron: Mr. Speaker, I shall go back to tending my sheep, and let the ram go on his way.

The Conservatives made quite a fuss over the opinions expressed by Mr. Duplessis, not in the first year, but after he had accepted the grants for 1951-52. Then they proceeded to make an issue out of the matter of constitutionality, claiming that education was essentially and at all levels a responsibility of the provincial government. In the meantime, the universities were going bankrupt.

Again recently, that is on April 20, the Solicitor General (Mr. Balcer), assistant to the Minister of Justice, who, in the absence of the Minister of Justice was presumably speaking on behalf of the Minister of Justice, told us some rather astonishing things.

First, Mr. Chairman, who has the floor?

Mr. Deputy Speaker: May I ask hon. members not to interrupt the member who has the floor? Order.

Mr. Caron: And the Solicitor General made this statement, as recorded on page 3285 of this year's *Hansard*:

> People outside the French province, wondered when they found that, year after year, Quebec leaders were turning down federal grants. Our opponents went so far as to describe that attitude as "segregationism" but it was the Liberals, with their anti-constitutional formula, who applied a policy of intellectual segregation with regard to Quebec.

Mr. Speaker, could we find a less serious argument? The Liberal government, in 1951, had found a formula to make grants to universities. Universities had asked them and had accepted them; those of Quebec as well as those of all other provinces. The heads of the Quebec universities rejoiced in 1951 when the formula was announced. But who refused it? Did the government in Ottawa refuse to grant to the province of Quebec the advantages which were granted to other provinces? No, the Quebec government placed itself in this segregationist position by refusing the offers made by the federal government.

Later, a little further on the same page, the Solicitor General said:

> At that time the Liberals did not dare to launch a straightforward attack against the Hon. Mr. Duplessis and his autonomist policies. They relieved their feelings by attacking the province of Quebec of which Mr. Duplessis obviously had become the living symbol.

And further yet, he said:

> That attitude of national disunity and misunderstanding on the part of some Canadians with regard to the others, may, in all fairness, scarcely be blamed on the C.C.F. which has never taken root in Quebec—unlike the Liberals who were only maintained in power for 22 years thanks to that province.

Well, Mr. Speaker, to say that we did not dare to criticize the premier of the province of Quebec is absolutely untrue.

He was criticized, strongly criticized by all federal members at least, because of his uncompromising stand and because he made out of the question of autonomy a political issue which did not exist after all.

Further down the same page, the Solicitor General said this:

> That is why it was unanimously rejected by the government, the universities and the population of Quebec—

It is entirely untrue. The Quebec universities accepted it, requested it, asked for it. But in view of the dictatorial stand of Mr. Duplessis, the authorities of Quebec universities were compelled to refuse because they were secretly threatened with losing the provincial grants.

Mr. Ricard: This is an insult to the Quebec universities.

Mr. Pigeon: You are insulting the universities of Quebec.

Mr. Ricard: This is an insult to the Quebec universities.

Mr. Pigeon: May I ask a question?

Mr. Caron: No, I am not accepting any questions.

Mr. Ricard: You are insulting Quebec universities.

Mr. Deputy Speaker: Order.

Mr. Pigeon: Mr. Speaker—

Mr. Deputy Speaker: Order. Is the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) speaking to a point of order?

Mr. Pigeon: Yes, Mr. Speaker. I object to the remarks of the hon. member for Hull; I believe that it is an insult to the universities in the province of Quebec.

Mr. Deputy Speaker: Order. I have said, time and again, that differences of opinion are not a sufficient reason to rise on a point of order. The hon. member for Hull has the floor.

Mr. Caron: I say and maintain that the universities had accepted the grants because they had asked Mr. St. Laurent for them, and that it was only because of a dictator's threats that the authorities were later forced to refuse them. And today although the bill has not yet been adopted in Ottawa, the universities have accepted and received the $25 million which were lying in Ottawa coffers.

Mr. Tremblay: Prove it.

Mr. Caron: And the Solicitor General added:

> —but we offer an alternative, a realistic compromise allowing a province, such as the province of Quebec, to grant to its university population, the benefits which it was forced to refuse because of its scrupulous respect for the constitution and for autonomy.

Mr. Speaker, the others never referred to an unconstitutional legislation, they never challenged, nor requested the Quebec government to challenge in court the constitutionality of the 1951 act. They made speeches and said it was unconstitutional, but they never took the means to have it decided who was right and who was wrong.

Besides, Mr. Speaker, if we read again the Quebec resolutions, the Charlottetown resolutions and the London resolutions which preceded the signing of the confederation act, and I do not want to go further in this matter because the hon. member for Megantic (Mr. Roberge) dealt with it, we see that the fathers of confederation never intended to seek a safeguard for anything else than primary education. Besides, the 1867 act says it has to do only with primary schools. Here is what we find at section 93 (2):

> All the powers, privileges and duties at the union by law conferred and imposed in Upper Canada on the separate schools and school trustees of the queen's Roman Catholic subjects shall be—

In Canada, at the time of union, they talked about school trustees. Therefore, it is the schools that are under the responsibility of school boards, I mean the primary schools. Secondary schools were added just a few years ago.

[Mr. Deputy Speaker.]

But this does not cover classical colleges and seminaries, at all; they belong to the clergy—independently of the Quebec government—which has established its own curriculum and does not have to seek directives from the Catholic committee of the council of education to tell them what they should teach.

And the universities are independent universities, chartered by the government; they have a completely independent administration, and they too are autonomous. All those institutions are therefore independent, under the law and the constitution.

It is therefore clear that the intention of the fathers of confederation was to protect primary schools, which were under the direction of school boards. Again, that does not cover, in any way, shape or form, institutions of higher learning.

Mr. Speaker, may I suggest that we call it six o'clock?

(Text):

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

(Translation):

Mr. Caron: Mr. Speaker, before we adjourned at six o'clock, I was dealing with the views of the hon. Solicitor General (Mr. Balcer) and, to my mind, his opinions rather come into direct conflict with those of the other cabinet members. For instance, I do not recall that since 1951 any minister of finance has, even once, maintained that university grants under the formula we established at that time were something irregular and anti-constitutional.

As a matter of fact, Mr. St. Laurent, who was a recognized authority on constitutional law, had studied the question and had come to the conclusion that those grants were not anti-constitutional.

Frankly, Mr. Speaker, I would rather accept the opinion of Mr. St. Laurent than that of the hon. Solicitor General. Indeed, I am not the only one to think so. All present ministers from the province of Quebec who have not spoken on the matter voted to maintain the same principle of university grants.

As I said before six o'clock, institutions of higher learning, such as the seminaries, which are owned by the clergy, the classical colleges and the chartered universities, do not ask the province which subject matters they should teach; and they receive from the provincial government the grants necessary to

lessen education costs in our province. That is why it was thought necessary to offer those grants.

The confederation act—I am satisfied on that score and will remain so as long as it has not been proved otherwise beyond all doubt—aimed at protecting the schools under the school boards in order to safeguard the French minority in Quebec at that time.

I am not the only one to think so. Mr. Cyril James, a professional educator, who is remarkably conversant in that field, and is a scholar of repute, said, as reported in the French version of *Hansard* on pages 544 and 545, as follows:

> There is no control of education, no infringement of provincial autonomy in the grants.
>
> Neither the members of parliament who voted unanimously for the grant, nor the universities of Canada which were equally unanimous in accepting it, entertained the remotest idea that the federal grant carried any implications of control.
>
> The possibility of any future danger to provincial rights is obviated by the presence of a provincial representative on the joint federal-provincial commission which administers the grants, it added.

Further down, he went on:

> —"it has never been suggested that in making such gifts, the donors were legislating with respect to education"—
>
> Similarly, while the Quebec government cannot legislate with regard to education in France, it none the less contributes generously to the Canadian students' house in Paris "and provides equally generous scholarships for students wishing to study in French universities."

Finally, he concluded:

> "It is difficult to see how the legality of such federal grants can be questioned without similarly calling into question a wide variety of governmental practices, provincial as well as federal, which have been part of our accepted tradition for many years."

Furthermore, Mr. Speaker, is it not a fact that the province of Quebec, which I congratulated at the time for this action, granted $50,000 to the University of Ottawa, and made other grants to the St. Boniface college and to a university in the maritime provinces? I say it was perfectly entitled to do so; it even had a duty to support French institutions outside the province. However, had permission first been sought from the government of the province to make these grants? No, that was not necessary.

Here is a statement by the Hon. Sidney Smith, the former president of the University of Toronto:

(Text):

> Answering any argument that education is a provincial matter and therefore the federal government should keep out of it, he produced statistics which showed that 20 per cent of the 100,000 living alumni of the University of Toronto are in other provinces. The university is therefore making a national contribution. The same is true of all other Canadian universities.

(Translation):

Therefore, there are interchanges of students between universities, that is to say, there are young people coming from Ontario to Quebec, while others from Quebec go to Ontario, or from Quebec to the maritimes and from the maritimes to Quebec.

The fact is that the whole process is national in character, and the federal government was right in establishing the grants.

When one claims that something is irregular and illegal, one has to prove it. So I suggest to these people who claim that the grants as given under the Liberal formula were illegal, that they still have to prove it.

The thing to do, instead of trying to play politics with this, would have been for the Quebec government to go to the supreme court, which would have decided whether it was regular or irregular, constitutional or unconstitutional.

Besides, Mr. Speaker, it is not the first time that the Ottawa government has been giving grants.

I see here in a report presented by Mr. Enfield, a former member for York-Scarborough as recorded on page 157 of *Hansard*, that the amounts for education granted by the federal government in various provinces, in Quebec as well as in the other provinces, were as follows:

British Columbia	$2,989,000
Alberta	2,261,000
Saskatchewan	1,862,000
Manitoba	1,437,000
Ontario	7,228,000
Quebec	2,952,000

New Brunswick, as well as all provinces, received grants and accepted them.

That is not something new either. Let us go back over the history of the grants made to the provinces:

In 1913 Sir Robert Borden gave $10 million to the agricultural schools.

In 1919 Sir Robert Borden gave $10 million to assist technical schools.

In 1939 the Right Hon. Mackenzie King had $4,500,000 voted as assistance to youth.

Dominion-Provincial Relations

In 1942 the dominion government voted $51 million under the Vocational Training Co-ordination Act.

In 1951, $7,500,000 were voted as assistance to universities.

The province of Quebec accepted the grants and they were considered as constitutional.

The Solicitor General contends that they are anti-constitutional, but the Minister of Finance deems them constitutional.

Let me add that not one minister from Quebec tried to say that the subsidies granted under the Liberal formula were anti-constitutional.

The Solicitor General also had this to say concerning the bill before the house:

Its purpose is to render constitutional Liberal legislation on assistance to Quebec universities.

And in what way is it attempted to make this legislation constitutional?

Under the Liberal administration there was legislation providing for assistance without any strings attached. Universities were told: "Here are millions of dollars, you may do what you wish with them. This money is yours and you can use it as you see fit". There was no condition.

However, the very same people who refused millions from Ottawa accepted the millions of Mr. Rockefeller, accepted gladly all the millions coming from elsewhere, but the millions given by the Canadian government were refused. It was solely for the purpose of playings politics and the Solicitor General has attempted to play politics with this question of Quebec provincial autonomy that has never existed and does not exist with regard to university grants.

Mr. Speaker, the Solicitor General is a lawyer. According to the Statutes of Canada, the Solicitor General is the assistant to the Minister of Justice, and when he made that statement, the Minister of Justice (Mr. Fulton) was absent. So, the Solicitor General was speaking as Minister of Justice when he said:

Mr. Speaker any legislation which finds its place in only nine provinces out of ten and is not acceptable to the tenth province leaves a very grave doubt as to its constitutionality.

Mr. Speaker, this legal pearl comes from a lawyer. I am not a lawyer, but when I hear such a statement coming from a lawyer, I wonder if the bar is very proud to have him as a member.

[Mr. Caron.]

Mr. Speaker, the member for Bellechasse (Mr. Dorion) has criticized the principle of federal assistance. He said that the $25 million the Liberals had allowed to accumulate for the province of Quebec were a Tantalus cup which would force the universities to accept them.

Without the intervention of the federal government, the universities of the province of Quebec would still be hard up, and it is because Ottawa intervened to make grants to them that the government of the province of Quebec reconsidered its position and decided to do something to help them.

Mr. Speaker, according to the authorities of these institutions, it is Ottawa which is responsible for that and not the government of Quebec.

And when they talk of a Tantalus cup, what should we think of this attitude of Mr. Duplessis which led the heads of the universities to believe that if they accepted the federal government grants, they would not get any from the provincial government. Oh, Mr. Duplessis did not say it in those words. But it was quite clear, and the universities understood the attitude of the dictator and they refused the grants to please the ruler of the roost in the province of Quebec.

Will the Solicitor General ever understand that for many years the Quebec government has greatly hindered the development of our universities by preventing them, for political motives, not to say for motives of petty politics, to accept the grants offered to them by the federal government?

The hon. member for Gaspe (Mr. English), I think, said that it was a fight between Ottawa and Quebec. That is not true. It was the fight of Quebec against Ottawa. That is all. It was the fight of the Union Nationale party against the Liberal party in Ottawa. And in support of my statement, you will note that since the Conservatives came into power in Ottawa, not one Quebec Conservative has dared criticize the policy of the federal Conservative government. Under the Liberal administration, everything the Liberals did was wrong; today, everything the Conservatives do is right because the Conservatives are in power.

Well, Mr. Speaker—

Mr. Ricard: Mr. Speaker.

Mr. Caron: Mr. Speaker, I think that when Mr. Sauve came, he very distinctly changed the situation which existed in Quebec. For instance, he tried to find a way—whether

we consider it constitutional or not—of recovering those $25 million which I mentioned a moment ago.

Mr. Duplessis merely said: "No, autonomy forbids it". Mr. Duplessis claimed—

(Text):

Mr. Speaker: Order. I am sorry to interrupt the hon. member but I must inform him that his time has expired.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, would the hon. member for Hull allow a question?

(Text):

Mr. Speaker: I am sorry, but the hon. gentleman's time has expired.

(Translation):

Mr. J. N. Tremblay (Roberval): Mr. Speaker, about the speech we just heard, I might say, quoting Montalembert, that in the applause with which it was greeted, it got its reward and punishment. What the other Liberal members had not had the courage to say or had been wise enough to keep silent about, fearing their electors, the hon. gentleman who spoke before me expressed quite plainly with an assurance which is invariably the lot of ignorance and self-conceit.

I only want to quote this: education within the meaning of the B.N.A. Act applies only at the primary level. In that unwise statement you have the substance of Liberal thought on the problem of education in Canada. If the provinces have no jurisdiction in the field of education beyond primary teaching, nothing prevents the conclusion that the central government may look after the other levels. Therefore, there is nothing to prevent it from paying all kinds of grants to secondary colleges and universities under whatever conditions it chooses to impose. This admission is important, at a time when federal and provincial Liberals are about to launch in Quebec their hypocritical autonomist offensive. We thank from the bottom of our heart, the old man from Hull for having told us the true Liberal thinking. His opinions are in full agreement with those already expressed by Mr. Maurice Lamontagne; in fact, the hon. member for Hull (Mr. Caron) has denounced the autonomy problem, saying it does not exist and that it has never existed. It is a good thing to know. That will have to be said outside this house.

The speech we have just heard—

(Text):

Mr. Pickersgill: Mr. Speaker, I am rising on a point of order. The hon. gentleman attributed the views expressed by my friend the hon. member for Hull (Mr. Caron) to someone outside of the chamber. I believe that procedure is against the rules.

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Pickersgill: I was going to draw your attention, Mr. Speaker, to the fact that my friend the hon. member for Hull made his own speech from a few notes whereas it would appear to the average observer that the hon. gentleman who is now making his speech is reading every word of it.

Mr. Ricard: I should also like to say a few words on the point of order raised by the hon. member for Bonavista-Twillingate (Mr. Pickersgill). I just want to add that the hon. member for Hull this afternoon made many statements about things concerning which he did not know anything and the hon. member for Roberval (Mr. Tremblay) is refuting them.

Mr. Speaker: I did not hear the allegation made by the hon. member for Bonavista-Twillingate (Mr. Pickersgill). As I understood the hon. member for Roberval (Mr. Tremblay), he drew attention to a similarity between what had been said by the hon. member for Hull (Mr. Caron) and somebody outside the house.

Mr. Pickersgill: No, Mr. Speaker; my point of order was—

Some hon. Members: Sit down.

Mr. Speaker: Order. The hon. member for Bonavista-Twillingate is rising on a point of order which I wish to hear.

(Translation):

Mr. Tremblay: As I was saying, Mr. Speaker.

(Text):

Mr. Pickersgill: My point of order was not that, Mr. Speaker. My point of order was that the hon. gentleman who is now addressing the house appears to be reading a document.

Mr. Speaker: That is a point of order, of course. Hon. members know that it is not the usual practice of the house to read a speech verbatim from a previously prepared document and I trust the hon. member for Roberval will observe the practice.

(Translation):

Mr. Tremblay: Mr. Speaker, I was saying that the hon. member for Hull denied the problem of autonomy when he said, among other things, that the problem has never existed and does not exist.

In that, he was only repeating the anti-autonomist writings of Maurice Lamontagne, who just happens to be the official thinker of the Liberal party. May I add that it was a good thing to know, and that he should be heard outside the house. I understand, Mr. Speaker, that he has been heard in the past.

However, the speech of the hon. member for Hull would have amused me right to the end had it not included such serious insults to the leaders of our universities in Quebec. They have just been accused of knuckling down to every political pressure by refusing federal grants to universities. The member for Hull ascribes to the rectors of our universities some shabby designs and some rather dark preoccupations. He thus insults His Excellency Msgr. Maurice Roy, chancellor of Laval University, as well as all our educators who, after deep reflection, decided to refuse the federal grants because, like former premier Duplessis, they saw in this measure a very dangerous precedent. These words will have to be recalled to the citizens of the province of Quebec, to all alumni of our universities who are justly proud of their alma mater and respectful of the men who taught them in the universities and who gave them, by their integrity, the best examples for their life. So, I want to protest now against the shameful remarks made by the member for Hull and deny categorically that our bishops, our rectors and our educators had surrended to lowly political pressure.

Mr. Speaker, when they started this debate on Bill C-56 and on grants to universities, the Liberals failed to mention the principles which inspire them and which have always led them in their centralizing endeavours.

Those principles, you have them set out on page 239 of the book by Maurice Lamontagne, Canadian Federalism, which, as everyone knows, is the bible of the centralizers.

Mr. Lamontagne wrote this:

> At another level, one might wonder how long it will be possible to deny the federal government the right to play a part in the field of education and culture, when in fact it cannot help intervening.

Those are quite consequential premises which, unfortunately, are absolutely false, based as they are on a postulate which in fact begs the question.

Mr. Lamontagne starts by wondering about the part which the federal government would eventually be called upon to play in the field of education and culture. He seems to contend that the central government is bound to come into that field.

But at this point comes in the postulate on which is based Mr. Lamontagne's argument.

Why is it, in the mind of the official thinker of the Liberal party, that one day the federal government will have—

> a right to play a part in the field of education and culture.

Mr. Lamontagne answers straight off: it is because

> —in fact it cannot help intervening.

[Mr Tremblay.]

The author of the breviary of centralization who may have some notion of what we call in legal terms the force of precedent, bases his whole argument on a *de facto* situation which he seems to consider as normal and taken for granted.

He gives examples, and I quote:

> When a government has an exclusive jurisdiction on radio and television and must carry out its responsibilities in the field of the films, how can it be denied the right to concern itself with education and culture?

The illustration is rather badly chosen. Moreover, it concerns facts which will have to be reviewed sooner or later. For when the direct attacks by the central government on the exclusive rights of the provinces in the field of education are repealed once and for all, nothing will prevent the struggle to be continued in those sectors which were too quickly believed to be the responsibility of the central power.

In any case, to mention them in order to justify the federal government looking after the needs of our educational institutions, is to sidestep and try to confuse the issue, because one has not enough courage to face conditions as they are and to ask, as one should, the real questions: "Is the federal government entitled to look after education? And if that responsibility is not under its jurisdiction, why should it try to assume it?

That is how the problem should be put.

We know by now how the Liberal party answered those questions. After having stressed and solemnly stated that education was a provincial field, the spokesmen of that party then made some reservations, more particularly that universities are not within the traditional definition of education. That is a considerable limitation of the educational field and a refusal to admit that, in practice, universities are at the summit of a structure of which they are the ultimate perfect completion.

I would like to quote here part of a brief submitted by the University of Montreal to the Tremblay commission in 1954, which says:

> We do not want any interference in the field of education, and we think that current university grants constitute such interference. In other words, we firmly believe—as we think that everybody else in the province of Quebec does too—that education is and must remain under provincial control and, that university teaching is part of the educational system; and we do not wish that system changed.

In drawing such a distinction between the various education and official academic levels, the Liberals were paving the way to greater encroachments.

But what is a university? Must we see in institutions of higher learning only technical

schools for the teaching of practical knowledge in specialized trades and professions? Must we give up the fine and great definition of universities, as understood by the ancients who considered it as the "mother of arts and science, and the source of all education"? Must we not consider any more the university as the ultimate level, the summit where education is being perfected? The Liberal contention knows no limit when it wants to deprive the universities of its basic role of co-ordinator in the field of education. What do those distinctions amount to which have been made between the various levels of education, primary, secondary and superior, if they are not the various floors of a building whose summit is the university, both the summit and the foundation, because it is thanks to it that the education of an organized human community may go on improving and developing.

If help to universities is not help to education, universities must, from now on, be deprived of the role which they have never ceased to play as inspirators in all sectors of science, letters and arts, as a reference point and supreme master. One word only from the former member for Stormont today was sufficient to suppress the main function of universities, which is to preside over the manifold extension of knowledge which, added to directives and necessary guidance constitutes the traditional means of education.

But the Liberals have for long given up definitions. When definitions bother them, they ignore them and say they are not accepted as they used to be. That's what they did with the definition of education: they have restricted its scope at the primary level to justify the encroachment of the federal government upon the field of education because, in fact, assistance to universities, as it is practised today by the central government, covers both the university field proper and the secondary one, if we consider the structure of universities according to the American and Canadian pattern, according to which university begins at the senior matriculation level. And it is here that we realize the glaring ignorance or bad faith of those who state, like the former member for Stormont, that university grants are constitutional.

They ignore definitions as well as the facts they represent since, in this case, they deny the university its ordinary role and traditional function.

They conclude, with assurance, that assistance to universities is the responsibility of the federal government because it is not help to education. How simple it is.

However, the truth is more complex. In the matter of grants to universities, the actions of the Liberals were not taken with such ease and facility. The thinkers on the payroll of the Liberal party had to put forward their greatest intellectual efforts to invent a formula designed to dress up in philosophical language the anti-constitutional manœuvre of the Liberal party.

However, in referring to the subterfuges of the Massey commission, it is easy to see that the Liberals did not immediately find the elegant explanation given to us last year by that new Quebecer, the hon. member for Laurier (Mr. Chevrier), to the effect that the Liberal party favours federal grants to universities because aid to universities is not aid to education. To reach that explanation, it was necessary to set up the now famous distinction between culture and education: and our self-styled philosophers finally settled the question by resorting to fine distinctions, with the help of a man who, though previously an unshakeable autonomist, compromised his "natural inclinations" once he became a royal commissioner, in favour of a thesis which was soon to be used by his political co-religionists to help the federal government meddle in the affairs of the provinces.

I immediately emphasize the contradiction into which the new convert from Laurier threw himself when he made the following statement last year, as recorded in *Hansard* for July 18, 1959. Having attempted to ascribe to the Minister of Finance (Mr. Fleming) an interpretation of the expression "grants to universities", the new Liberal messiah from Quebec expressed the view that the federal government should never consider financing education on the primary and secondary level. He made the following assertion with his usual solemnity when addressing his recently adopted province of Quebec, and I quote:

> As far as I am concerned and I am sure not to be the only one on this side of the house to find myself in this position, I cannot accept that interpretation of federal grants to universities. I cannot accept that interpretation because it would justify federal assistance to secondary and primary schools. I want to make it very clear that I am and always will be strongly opposed to such federal grants.

I bear no grudge against the hon. member for publicly confessing today some feelings that he always managed, with infinite discretion, to keep for himself in the days when he lived outside the province of Quebec. However, I cannot believe he does not realize that the formula of grants to universities put forward by his party involves aid at the secondary level, because if you look at the American form of university organization, such as we find in English language Canadian

universities, you find that the university level starts at what corresponds to the matriculation grade for Canadian universities of European type. Thus, faculties of arts in American-type universities correspond, in our own universities, to the higher levels of the humanities. It is easily seen, therefore, that the argument in favour of grants to universities based on a definition of universities is unsound, because the type of university I have just referred to involves both the higher and secondary levels of education.

The former member for Stormont will forgive me if I emphasize the dilemma in which he placed himself. Either he knew nothing about the organization of Quebec universities and, in that case, he did not take essential precautions before voting with his government for legislation authorizing it not only to encroach upon the field of university education, but also the field of secondary education, because, as I have just stated, in American-type universities, students pursue studies which in the province of Quebec in particular, are made in college; or the hon. member was aware of this particular problem of university organization and deliberately accepted to take part in this huge quibble the sole purpose of which was to bring federal power into provincial affairs.

(Text):

Mr. Speaker: Order. As I understood the hon. member through the interpretation, he referred to another hon. member as having deliberately acted so as to perpetrate a fraud. I think the hon. member will recognize that the imputation to a member of a deliberate action of that kind is contrary to the practice of this house and I would ask him, if I have correctly understood him, to revise what he has said.

(Translation):

Mr. Tremblay: Mr. Speaker, I put the question in the form of a dilemma, with no intention whatsoever of imputing motives to the hon. member for Laurier. But after considering the facts, I am forced to wonder, along with the people of the province of Quebec, if the hon. member actually put the problem in the appropriate terms.

(Text):

Mr. Speaker: I am sorry, but the explanation the hon. member gives is not satisfactory. He is not entitled to make the assumption that an hon. member's conduct would be of the kind which he has ascribed, and I would ask him to modify what he has said.

(Translation):

Mr. Tremblay: I believe there is a matter of language involved here. I did say, and I repeat, that it seems to me the hon. member for Laurier did not set out the problem as he should have; without crediting him with ulterior motive, I have the right, as a citizen, to wonder if this politician did really put the problem in the terms in which it should be put.

And, Mr. Speaker, if I may continue, I have said that we have every reason to believe that the Liberal members did not quite understand the problem of federal grants to universities. Under the Liberal concept, as evidenced by a speech to which I referred earlier, the hon. member for Laurier said, according to page 6374 of *Hansard* of July 18, 1959:

> Since they were established in 1951, we have always said that such grants were constitutional.

Please note the force of the expression: "we have always said—" It should be added, Mr. Speaker, that he kept saying it despite the facts, despite history, despite the constitution and the experience acquired since even before the constitution, as was so ably demonstrated by my colleague for Bellechasse (Mr. Dorion). What facts, what authors, what authority can the former member for Stormont and his co-religionists adduce in support of this claim? They initiated unconstitutional measures and, at the same time, they assumed that by crying out that they were right, this would justify them, in the eyes of the public, for violating the principles of the constitution for betraying history and plunging the Canadian confederation into a crisis which now, thanks to the Conservatives, seems to be abating. I have too much respect for the judgment of the Cornwall statesman to believe he relies on the whimsical explanation of the member for Megantic (Mr. Roberge) who claimed, not so long ago, that university education was not under the jurisdiction of the provinces because there were no universities in 1867. He was quite wrong in saying so because Laval University, of which he is no doubt an alumnus, was founded in 1852, and because, no later than 1868, the Quebec government expressed its intention to take its responsibilities not only in the field of higher education, but in that of arts, science and humanities.

The first speech from the throne made at the first session of the legislature of the

province of Quebec included the following. I refer to the *Journals* of the Quebec legislature, volume 1, pages 4 and 5:

> The constitution has entrusted you with great interests and conferred upon you serious duties in the fields of justice, education, civil and municipal organization, public welfare, assistance to sciences, humanities and the arts, public development, including that of our vast forests and very important mines, in the fields of the development of our social resources, of immigration, of colonization, of police, and in general, in the fields of civil legislation and property rights.

And further on, the speech says:

> The development of public education and the culture of science, literature and the arts have, in our times, become not only means of national progress and prosperity, but also, next to religious matters, the clearest manifestation of true civilization.
>
> In that respect, the former province of Lower Canada has already made efforts which have been rewarded by remarkable success. So, with the commendable ambition of keeping us abreast of other nations, the former government had a survey made of the various educational systems used in Europe together with the literary and scientific institutions of the old world, with a view to introducing into ours what they might still be lacking. This is a serious matter which will soon have to retain the full attention of my government.

The budget speech of that year in the Quebec legislative assembly repeats just about the same thing. Let me quote from page 22 of the special edition of the budget speech delivered by the Hon. Mr. Dunkin on February 14, 1868:

> A total of $392,190 is shown under the heading "Public Education". As I said before, about $25,000 of the total logically belongs to the civil government. And for the purpose of this statement that is where it was placed. I should point out that the balance includes three items, $68,000 for higher education, $4,000 for schools in the poorest municipalities and $2,000 for teachers' old age retirement fund, a total of $74,000 for the 12 months only, for those accounts are to be paid only once a year before the next meeting of the legislature. A new item of $12,000, about which I shall give more details later on, has been introduced for agricultural education.
>
> There are under the same heading four literary and scientific institutions which receive a customary $3,000; then the usual amount of $2,000 is awarded to the commission on arts and manufactures; which makes a total of $5,000. The agricultural schools of Ste. Anne and l'Assomption receive $1,200 each; which brings grants for the whole agricultural field to a total of $14,400.

As a matter of fact, Mr. Speaker, the centralizing undertaking of the Liberals in the field of education has known two stages:

1. Introduction of university grant legislation;

2. Creation of the Canada Council.

The two pieces of legislation could hardly be dissociated, as they are major links in a policy of centralization in the field of education which is, in itself, only one aspect of the general centralizing policy described in Mr. Maurice Lamontagne's book which I mentioned earlier in my remarks.

I shall not recall here the various phases of the patient and astute struggle led by the federal government for the purpose of acquiring the exclusive provincial jurisdiction with regard to education. It might be enough to mention that the authors of the Tremblay commission report mentioned the milestones of that undertaking in book I, pages 95 and following, and in book II, page 227 and following, of that report.

I shall however more particularly mention the name of two members of the Massey commission, the same men whom François-Albert Angers mentioned in his now famous article in *L'Action Nationale* of November 1951, entitled:

> Two models of irresponsibility: prime minister St. Laurent and commissioner Levesque.

The article mainly denounces the manoeuvres of those two men who were to become the great promoters of the centralization recommended, in matters educational, by the Massey-Levesque commission.

At the time the Liberal party was launching its great centralizing offensive some reasons and justifications had to be found. The views of the province of Quebec were too much feared in those days to state offhand as the new-Quebecer of Stormont did last year that university grants "were in accord with the constitution". They had to proceed with due caution. Pretexts and reasons had to be found which looked intellectual and even scientific.

A distinction was made between culture and education. It was to solve all difficulties and refute every objection. By resorting to that trick, everything which was in some way or other outside the questions specifically discussed in school programs was declared a cultural matter and therefore said to be under federal jurisdiction. Outside a specified zone which was called plain or academic education, a vast field was established, which was labelled the cultural field and comprised everything regarding the improvement of the individual and of society. Such a vast concept had to entail a very wide jurisdiction and what authority was better able to assume responsibility in this respect than the central power?

The concept of the university had to be redefined. Universities, because of the part

they played and because of their traditional functions, were supposed to belong to that super zone where central power may freely play.

After having disposed of the academic problem, it was also established that, for all practical purposes, the federal government should have a sovereign right of control with regard to all cultural matters and that such heavy responsibility could hardly be left only to provincial governments.

Therein, precisely, lies the misunderstanding, the error or the fraud. Those who were later on to become, in words if not in deeds, the promoters of a double culture, were forgetting that culture, according to the very definition they were giving of it, requires certain conditions and does not grow out of nothing.

In fact, it presupposes a certain climate, a certain environment. As a matter of fact, it is the result, the product and the most perfect achievement of a whole set of civilization factors.

Of these factors, the most important, the only essential one, is education. How can the advocates of dual culture claim to encourage the expansion and the progress of one culture in particular if they made this one culture subject to rules common to the two and if they seek, through a unified educational system, to cut off this culture from its living and fruitful sources?

Therein lies however the claim of the wise men from the Massey-Levesque commission. While pretending to promote a vaster form of national culture and to help spread French and English cultures, they want the central government to control these cultures and impose standards which, in the long run, would cause the original characteristics of each of these cultures to disappear.

What is, in fact, the objective advocated by the centralizing Liberals? The abolition of provincial sovereignty in matters of education and its transfer to a central power whose action could only be an effort towards levelling control of education at any level by the central power amounts to setting up a bureaucratic system which, to eliminate administrative difficulties, would impose programs that would do away with the destructive aspects of education in each province.

I think, Mr. Speaker, that every Canadian province must be anxious to retain full responsibility for education. Because education, and the system that serves to express distribute and expand it, is a provincial heritage enriched by experience gained over the years, and it illustrates the philosophy and distinctive characteristics of each province.

In the provinces with an English-speaking majority, even though the culture vehicle is the same, that culture takes on the particular characteristics of the province, it reveals a background of tradition, customs and beliefs that perpuate the traditions, beliefs and national customs of those who built the province. Education, the responsibility for which belongs to each particular province, is a sure safeguard for the individual characteristics of every province. It thus goes on developing and enriching a body of traditional wealth, something which could not be done by a unified federal system of education.

What is true of education in provinces with an English-speaking majority is just as true, and even more, with regard to the province of Quebec and to the large French groups distributed across Canada. If French culture is to enjoy the greatest respect—as I am sure it does—as one of the most lively and dynamic cultures of the present day, there must also be a particular respect for the institutions that maintain and develop it in America, all the more so because that culture is an absolutely unique phenomenon in the North American context.

Canada would be all the poorer if French culture, which is one of its original features, should disappear. We have outlived the days when racial quarrels could be rekindled and where any excuse could be used to support the assimilation of one ethnic group by the other. Now is the time for a modus vivendi based on a respect for the facts of history and for the outcome of long political struggles.

It is proper to recall here the principles which guided the fathers of confederation when, after years of fierce and difficult struggles, they realized that both ethnic groups should try to find a modus vivendi whereby each respective group would have every opportunity to grow and develop freely.

Those principles were not discovered overnight; the light came only gradually, after a long search. And when Sir John A. Macdonald suggested a legislative union, it took all the persuasive powers of Georges-Etienne Cartier to convince him that such a form of union would not settle the old problems arising from the irreducible opposition between the two racial groups. Macdonald had to yield to the views of Georges-Etienne Cartier, just as today the Conservative government has yielded to the views of those who favour the strictest autonomy for the provinces.

There are those who will say that our government has not immediately settled the problem. That is true, but it started working on it as soon as it gained power. It sought

advice. It made suggestions. It listened to those that were made to it. It was able above all to learn from the facts and, instead of ignoring the province of Quebec, it started negotiations and agreed on a solution. The progress may have been difficult, I agree, but it was marked from the beginning with a persistent good will from which the whole country will now benefit.

This attitude stands in strange contrast with that of the Liberal party. It is useless to recall the heavy past of 1941, 1945, 1949, 1951 and the years preceding June 10, 1957.

(Text):

Mr. Speaker: I am sorry to interrupt the hon. member but his time has expired.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I imagine it will surprise no one in the chamber when I say that I do not intend to follow the hon. member for Roberval (Mr. Tremblay) in his academic wanderings. Nor do I intend to break the rules of the house, as he did, by attributing his words to someone else. I cannot think that anyone would have any pride of authorship in what the hon. gentleman has said and on reflection I doubt whether even he will. I do think, sir, that the unworthy insinuations that he made about my colleague the hon. member for Laurier (Mr. Chevrier) need no reply. Those of us who have had an opportunity, as have most of us in this house, to compare the conduct and the contribution to the public life of this country of my hon. friend from Laurier and the hon. member for Roberval will draw our own conclusions.

I hope to be able to say what I have to say in an entirely different tone and to deal with the bill before the house and with the arguments that have been put forward, particularly by the Solicitor General of Canada (Mr. Balcer), in respect of one part of this bill and, indeed, in respect of both parts of this bill; but before I do that I do want to make two or three general observations. The first is that it does seem to me that—and it is very natural that this should be so and I am criticizing no one in this house by saying this—because of the much greater emotional and perhaps political interest in the question of university grants—that is, in one province —we in this chamber are losing sight of the fact that the more important of the two aspects of this bill, important though the universities are and important though university grants are, is the maintenance and the extension of the principle of equalization. Without equalization, sir, I would remind the hon. member for Roberval and those associated with him; without the $50 million a year of equalization, or whatever the amount is that is paid by the vote of this parliament out of the treasury of this country into the treasury of the province of Quebec without any strings attached; paid as a result of Liberal legislation which was accepted by the late Mr. Duplessis in the year 1956; without that Liberal legislation, there would be very little autonomy today in the province of Quebec because the treasury would be empty.

Mr. Chambers: Are you running in Quebec, too?

Mr. Pickersgill: This fact should not be forgotten by these gentlemen who are delivering these academic discourses. There would be no university grants from the federal government or the provincial governments if we did not have these equalization payments which have been paid to nine provinces out of the ten. It is true that Ontario does not get any equalization payment because she could stand on her own feet. However, for the province of Quebec, there is $50 million or $60 million which is paid as a result of this act introduced by Mr. St. Laurent and Mr. Harris in 1956, an act which was denounced in this house and voted against by the present occupants of the treasury benches, but which was accepted by Mr. Duplessis.

These are the facts. This is part of our history that hon. gentlemen opposite will find it very difficult to obscure, even to the electors. I want to say something more about this matter of equalization, sir, before I conclude my speech because it is, as I say, very important to some of the other provinces as well as to Quebec.

I should like to say something as well, in view of some of the arguments that have been advanced in this debate so far, but I am not going to put forward any new ones of my own—

Mr. Chambers: You have not got any.

Mr. Pickersgill: The hon. gentleman is quite right, I have not got any new ideas. However, I have the ideas of Mr. St. Laurent and Mr. Harris which are the only ideas that this government can put forward because they have not got any of their own.

Mr. Bell (Saint John-Albert): And they were rejected by the people.

Mr. Pickersgill: I am very proud of the fact that Mr. St. Laurent laid such a good foundation that this government, which denounced the foundation when it was being laid, cannot find anything to put in its place and has to continue it. This whole measure amounts to just that, except for one relatively small part, and that relatively small part is, in our opinion, of very doubtful legality.

There would be no university grants about which anybody could argue in this house or in the legislature of Quebec or on the hustings in Quebec if Louis St. Laurent had not been prime minister—

Mr. Ricard: This is false; this is not true. There were some grants long before that. You do not know anything about your history.

Mr. Speaker: Order.

Mr. Hees: Even your own members are protesting.

Mr. Speaker: Order; some hon. members are becoming so vocal it is impossible for me to hear the speaker who has the floor. I hope I will not have to intervene more forcefully.

Mr. Pickersgill: I regret very much that I have such a feeble voice, and I will do my best to make myself heard.

Some hon. Members: Oh, oh.

Mr. Speaker: If the hon. member is to proceed he must have the attention of the house. A debate cannot be carried on when many members are shouting from both sides of the house.

Mr. Pickersgill: I was saying there would be no federal university grants for us to be debating this evening if Mr. St. Laurent had not, as head of the government, in the year 1951 put an item in the estimates to pay 50 cents a head of the population of each province to the institutions of higher learning in each province, without any strings attached whatever. I might say when that was done Mr. St. Laurent was highly commended for doing it—I am going to use here a term I think I have rarely ever used before about a political opponent—by my hon. friend from Greenwood (Mr. Macdonnell), for whose honesty and patriotism I have the greatest possible respect. There was not one word from Mr. Drew; there was not one word from the present Minister of Finance (Mr. Fleming); there was not a peep out of the Solicitor General in criticism of university grants at that time.

What is more, when these grants were made they were accepted by all the universities in the province of Quebec through a special commission that was set up at Mr. Duplessis' request, a joint commission composed of the minister of finance of Canada and the minister of finance of Quebec, and they were paid jointly by this commission for one year. Now, why, if it was all right to do it that year, it ceased to be all right in the year 1952 I do not profess to know. I do not intend to intrude in provincial politics by attributing any motives.

Some hon. Members: Oh, oh.

Mr. Pickersgill: All I say is that it was not the St. Laurent government, and it was not the parliament of Canada, that denied these grants in 1952 to the universities of Quebec.

Mr. Ricard: It was the universities themselves.

Mr. Pickersgill: Perhaps the hon. and noisy member for St. Hyacinthe-Bagot (Mr. Ricard)—

Mr. Ricard: Yes.

Mr. Pickersgill: —could make his own speech.

Mr. Ricard: And who knows all about the universities; you do not know anything about them.

Mr. Pickersgill: I am saying that this was the situation at that time. The situation was that in the year 1952 these grants were no longer accepted by the universities of Quebec, but only after the joint commission, which had been set up between the federal and provincial government of Quebec—which was unique and which did not exist in any other province—was dissolved by the government of Quebec and not by the government of Canada.

Mr. Ricard: Because Quebec was not a province like the others.

Mr. Brassard (Lapointe): I should like to speak to a point of order.

Mr. Speaker: Order; the hon. member for Lapointe (Mr. Brassard) is speaking to a point of order.

(Translation):

Mr. Brassard (Lapointe): Mr. Speaker, I rise on a point of order. I only wish to say that we have listened very carefully while the hon. member for Roberval read his speech.

I am wondering if there is not some misunderstanding about the Canadian House of Commons. I think that certain members here believe that we are in Quebec.

I would like you to maintain order, so that we may hear the speech of the hon. member for Bonavista-Twillingate.

Mr. Ricard: I rise on a point of order.

(Text):

Mr. Speaker: Before the hon. member for St. Hyacinthe-Bagot speaks, I may say I am not sure I understand what the precise point of order is that the hon. member raised. Perhaps he could tell me the complaint he raised.

Mr. Brassard (Lapointe): What I said was this: We listened very carefully and very attentively to the speech delivered by the

hon. member for Roberval (Mr. Tremblay). Since the hon. member for Bonavista-Twillingate (Mr. Pickersgill) has started his speech he has not been able to make himself heard in this house because of the interruptions from hon. members on the government side.

Mr. Ricard: I should like to say a few words on the same point because the hon. member for Lapointe said a while ago that we were confused as to what was going on in Ottawa and in the legislature of Quebec. I think this is an insult to the province of Quebec and to the members from the province of Quebec because I think if there is one institution in Canada that works for the maintenance of—

Some hon. Members: Oh, oh.

(Translation):

Mr. Brassard (Lapointe): I am not aware of having insulted the province of Quebec, although I might have insulted members of the Union Nationale.

An hon. Member: We shall know later.

(Text):

Mr. Ricard: If there is anything that works for the maintenance of order in Canada, it is the government of the province of Quebec. I think it is an insult to the province of Quebec to say such a thing.

Mr. Speaker: The hon. member should resume his seat. The hon. member who has just spoken has strayed away a bit from the point of order. The point of order itself is a general one. It is a point of discipline actually. As the hon. member who has the floor has indicated, emotions seem to have been aroused by this debate. No one hon. member and no one section of the house is wholly to blame. I have intervened for the benefit of the hon. member who has the floor and I will do so again if there is further disorder. I ask hon. members kindly to restrain their emotions until their turns come to speak.

Mr. Pickersgill: Having listened to the admiration expressed by the hon. member for St. Hyacinthe-Bagot for the legislature of Quebec and knowing that there is an opportunity for people to get into that legislature, I think there are some of us in this house who would not mind if he tried to do so.

Mr. Ricard: We would be very successful, too.

Mr. Speaker: One of the difficulties about this debate is that discussion has been altogether too much about the responsibilities and jurisdiction of the legislature of the province of Quebec and not enough about the jurisdiction of this parliament whose bill is before the house.

Mr. Johnson: Will the hon. member permit a small question?

Mr. Pickersgill: Certainly.

Mr. Johnson: I am referring to the statement he made a moment ago to the effect that any people who like to get into that house, implying any Conservative member wishing to be elected to the legislature of the province of Quebec, could do so. Does he intend to imply that anyone who runs as a Union Nationale candidate in the province of Quebec will get elected?

Mr. Speaker: Order. The hon. member who just asked the question perhaps did not hear what I have just said.

Mr. Pickersgill: I regret very much not being able to answer the question but I bow to your ruling, Mr. Speaker.

When I was briefly interrupted I was saying that the university grants, which were established by the St. Laurent government and which were accepted by the universities of Quebec from the joint commission of the federal and provincial governments in 1951 or in the fiscal year 1951-52, were not subsequently accepted by those universities after that commission was dissolved by the provincial government. For what reason that was done, I do not know. But from that time onward it was a source of regret to every member of the government of Canada, and to every member to whom I ever talked who supported the government of Canada of that day in this parliament, that a method could not be found of meeting this difficulty.

It is well known that in 1957 a step was taken by the government of that day, again on the initiative of Mr. St. Laurent, to have these grants paid not directly out of the treasury of Canada but by the national conference of Canadian universities or a foundation established by that national conference, in order to remove even the last faint vestige of the suggestion that there was any attempt, direct or indirect, to assert any kind of jurisdiction because these voluntary gifts were made by parliament.

When the equalization payments are accepted by the treasuries of the ten provinces or the nine provinces that accept them and that is every province that is offered them—the only one that does not get one is Ontario; and they are gratefully accepted by all treasuries now, especially by Quebec—I have never heard anyone argue that the provision of those equalization payments is an assertion by this parliament that we have control over the legislature of that province. I have never been able to understand—nor do I think have any of my hon. friends been able to do so—why anyone

should have any ground for the view that the payment to a free university in a free country of money voted by the parliament of Canada was anything more than a gift or that in any conceivable way it could exercise any jurisdiction over that university. I do not deny for one minute that such legislative jurisdiction as exists in this country over the universities is vested in the provincial legislatures and in them exclusively. But my idea of a university grant and the idea of every true liberal—and I am not using that word "liberal" with a capital "l"; I am using the word "liberal" with a small "l", the kind of liberalism that would be understood by the hon. member for Greenwood—is that a university should be free, that it should not be under the thumb of any government, federal, provincial or municipal. It was because no man ever respected the liberty or the rights of others in the whole history of this country more than did Louis St. Laurent that it was possible for him to do as he did.

Some hon. Members: Oh, oh.

Mr. Speaker: I have not attempted to allocate the blame but I am looking about for the principal offenders. When I find them I shall be obliged to mention names.

Mr. Pickersgill: I had not intended to say this, Mr. Speaker, but I think the time has come when it is very hard for any member sitting on this side of the house not to draw attention to the fact that when hon. gentlemen opposite speak, and particularly the backbenchers opposite, they are allowed to be heard in this house. But when members of the opposition speak with any force at all in this house it becomes increasingly difficult for them to get a hearing—

Mr. Ricard: That is not true.

Mr. Pickersgill: —as any comparison of my speech with that of the hon. member for Roberval who spoke immediately preceding me will, I think, show. Having said that, I do not intend to make further reference to the matter.

Mr. Speaker: Is the hon. member for Regina City (Mr. More) rising on a point of order?

Mr. More: Yes, Mr. Speaker. I have heard the charges made by the hon. member for Bonavista-Twillingate (Mr. Pickersgill) about interruptions. May I say that it is just a week or so ago that the hon. gentleman who is making those charges made 62 interruptions from his seat without rising. I therefore think it ill behooves him to make general charges of that kind.

[Mr. Pickersgill.]

Mr. Speaker: The hon. member who had the floor did not, in my opinion, show the best judgment in making the comments he made, unless he did so by addressing them to the Chair as a point of order. Otherwise he encourages interruptions which are not related to any specific point of order. Hon. members in the house appreciate the problem. This debate has been an extended one and there have been heated arguments. I am sure that all hon. members would like to get it concluded. That objective can be accomplished only if the debate proceeds in an orderly way. I have not attempted to allocate the blame. As a matter of fact, it seems to me that there has been widespread interruption. It is far from my intention to take the role of a scold. However, I ask the co-operation of hon. members throughout the rest of this debate, request that they listen with reasonable attention and that if they wish to interrupt they rise in their places and secure the consent of the Chair or hon. member who has the floor.

Mr. Pickersgill: I must say that I think the hon. member for Regina City had a point.

Mr. Kucherepa: Confession is good for the soul.

Mr. Pickersgill: I was going on to say that in 1957 when this new method of making the payments to the universities was adopted it was adopted not because of the situation in Ontario or in Prince Edward Island or indeed in any other of the nine provinces. It was adopted in the hope that this procedure might remove the difficulty or the susceptibility that was felt by many people—and honestly felt—in the province of Quebec. It is a susceptibility which is very understandable, as the Leader of the Opposition (Mr. Pearson) said this afternoon.

That is the kind of thing which, if we are realistic at all in trying to conduct the affairs of this country on a national basis with fairness to everyone, we have to pay due regard to. We were very disappointed indeed when that device did not have the result that was hoped for. I must say I was pleased, and I said so in the house when this measure was first brought before us by the Minister of Finance at the resolution stage. I said I was pleased, and I think everyone in the country who cares about these things at all was pleased that it appeared that a method had been found to overcome this susceptibility about federal aid to universities.

It so happens that when the bill was finally brought before us and we were able to examine the method by which the present government is seeking to do what Mr. St. Laurent sought by various devices to do

we found that there are very grave doubts indeed about whether it conforms with the constitution of Canada which it is our solemn duty in this house to uphold. We have no business to be making laws in this house which are beyond the powers of this parliament if we do so knowingly. When my hon. friend from Laurier, in that magnificent speech he made the other day, pointed out what the difficulties were, he was not for one minute suggesting, nor was anyone on this side of the house suggesting, that we do not want to see this problem solved. After all, these university grants were started by us and we want all the universities in Canada to have them. We are also glad that the Solicitor General is a convert to our view of this matter because he opposed these university grants rather mildly in 1957. He did not actually vote against them but he opposed them.

A good many hon. members who are supporters of our political opponents in the province of Quebec and who opposed us in the 1957 and 1958 elections also attacked these grants and said they would have an end of them when they came into this parliament. Now what have we here before us tonight? We have before us tonight a bill which continues absolutely literatim and verbatim the St. Laurent formula.

Mr. Ricard: That is not true.

Mr. Pickersgill: As a matter of fact we all know that that is the formula that is going to be followed in the case of nine provinces out of ten. So that when the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) says that is not true he evidently has not read the bill because the bill contains, as the Minister of Finance told us in his opening speech very categorically and correctly, a continuation of the existing formula of paying university grants. It also provides a suggested alternative which, in our opinion, is probably beyond the powers of this parliament validly to enact and which, whether it is beyond the powers of this parliament validly to enact or not, certainly interferes in provincial jurisdiction in several respects, and the St. Laurent formula which is also being continued by this bill interferes with it in no respect whatsoever. That is the difference.

What does this bill say? I am not going to read the clauses because the rules do not allow me, but in the general terms in which the minister explained it to us it says that the province could impose a tax of 1 per cent on corporation incomes in addition to the tax that it is now imposing, and that the federal tax will be abated by that 1 per cent if—and it is the "if" that matters—the province pays to the universities grants equal to $1.50 per head according to a scheme that is laid down by an agreement between the Minister of Finance and the universities federation in which that province would not be participating. That is to say, the scheme that is to be followed by the province which accepts this alternative is a scheme that is laid down by an agreement between the Minister of Finance and representatives from the other provinces, but not from that particular province. It is imposed upon them.

Furthermore, it says that if more is collected from the 1 per cent levy than $1.50 per head of the population of the province, the excess has to be paid over to the government of Canada or will be deducted from the payments to the province under this act.

That is palpably and obviously an interference with the performance of the government, and indeed an interference with things which have been done by the legislature of the province. It is an interference laid down by this parliament to be carried out by the Minister of Finance. It makes the Minister of Finance a sort of university dictator in the province that accepts this alternative system. He lays down the rules for that province and that is what happens. That is why my friend, Mr. Lesage, who is the leader of a great political party in the province, has said it is not acceptable.

Members of the government say that they have solved the problem. They have not solved the problem as long as the new scheme is not acceptable to all the people any more than the old one appears to have been. So that the problem is not solved by this legislation even if it were valid, and it does seem to me that our first duty as legislators is to determine whether or not it is valid and to be thoroughly satisfied on that point. That is what we are paid for. That is what we are sent here for. That is our solemn duty in this parliament.

The hon. member for Timmins (Mr. Martin) made a speech yesterday and I had a lot of sympathy with what he said and I would like to recall one passage to hon. members. As reported at page 3559 of *Hansard*, he said:

> Here for the first time, at least in recent history, we have been able to come to an agreement on a very thorny problem in this country. For the first time, apparently, the federal governmént and the government of the province of Quebec have been able to reach an agreement on one of the most important subjects affecting the citizens of Canada regardless of the province in which they live. I refer to the problem of education.

I must say that was my first reaction when I heard of this entente. I think that was the first reaction of any person of good will,

that if the problem could be solved it would be a good thing for Canada, a good thing for Quebec and for the universities. I say that still and I believe it will be solved. I believe we can find a solution which will be a good thing for Canada, which will be a good thing for Quebec and which will also uphold the constitution of Canada.

The Solicitor General in his speech the other day did express some views with which I find it impossible, sir, to agree. I do not intend to deal with them at length, but the most important statement I think the minister made is to be found at page 3285 of *Hansard* for April 26 where he said:

(Translation):

In their formula, the Liberals had overlooked historical facts, so vivid in the province of Quebec, with the result that even if English-speaking provinces could obtain the millions collected by Ottawa to provide assistance to universities, the people of Quebec were being taxed like all the others while its universities were compelled to turn down the largesses of the federal government.

(Text):

I should like to ask the Solicitor General to tell us who forced them. Who forced them? Not this parliament; not the government of Canada; not the universities federation. Indeed, there was no force at all.

Mr. Balcer: Respect for the constitution.

Mr. Pickersgill: Then the minister went on to say—and I will continue to quote, unless the minister wants to give his own interpretation about who exerted the force—

(Translation):

People outside the French province, wondered when they found that, year after year, Quebec leaders were turning down federal grants. Our opponents went so far as to describe that attitude as "segregationism" but it was the Liberals, with their anti-constitutional formula, who applied a policy of intellectual segregation with regard to Quebec.

(Text):

I think it would be very wrong for me to discuss the question of whether there was any intellectual segregation forced on Quebec and, if so, by whom. That is not my business, and I do not intend to talk about it. But if this parliament has been enacting unconstitutional laws then it is my business, just as it is the business of the Solicitor General and of the Minister of Finance. I wish to remind you, Mr. Speaker, that the principal legal authority in this house on the day he made this speech—I say this because the Minister of Justice (Mr. Fulton) was away that day —the Acting Minister of Justice told us in his speech that the bill which is now before the house was unconstitutional.

Mr. Balcer: I said, your formula, not ours; we have improved yours.

Mr. Pickersgill: I cannot believe that the Solicitor General of Canada, one of the leading lawyers in the country, has not read the bill before the house, because the St. Laurent formula, as the Minister of Finance told us, is in this bill in its entirety. It is the main thing in the bill, and it is going to be accepted by nine provinces, though an alternative is proposed. But if that formula is unconstitutional it should not be put into the bill by a minister who believes it is unconstitutional and who happens to be one of the legal advisers of the government.

Mr. Balcer: It does not make Quebec a reserve, as you were doing.

Mr. Pickersgill: I think it is incumbent on the Minister of Finance to tell us if he agrees with the view expressed by his legal colleague—his learned colleague—that this bill which the Minister of Finance is asking parliament to accept is unconstitutional.

Mr. Balcer: I never said that.

Mr. Pickersgill: These are the words I read, the precise words of the minister, I do not see how the hon. gentleman can get away from the words he used here.

The same formula is in the item the government brought forward last year, in the Appropriation Act, and the year before that. Does the hon. gentleman mean that for three years he has been bringing forward unconstitutional laws? He says this is an anti-constitutional formula. Well, it was in the Appropriation Act of 1957-58, 1958-59, and 1959-60, besides being in the estimates of 1960-61, to be taken out by this bill if this bill passes.

This is what the principal legal adviser to the government here in the house that day said was unconstitutional. This is a pretty state of affairs. Now that the Minister of Finance has been exalted above his station, and is Acting Prime Minister, I should like him, when he replies, to tell us if this is a new conception of collective responsibility, a new conception of the collective responsibility which a properly constituted government under our British system has for the acts it performs and the measures it brings before parliament. I take this position because here we have the Minister of Finance bringing in a bill, while his colleague, the Solicitor General, tells us that the bill contains provisions which are unconstitutional. This seems to me to be an extraordinary state of affairs.

I wish to turn, now, to another of the legal opinions—no, this was a political opinion—of

the Solicitor General. The hon. gentleman to my left laughed a little too soon that time. Here I am reading from *Hansard* for October 18, 1957. I am reading in English simply because I happen to have the English volume here; I am reading a translation of a question which Mr. Breton, the very distinguished member for Joliette-L'Assomption-Montcalm at that time, one of the most learned members in this house—

Mr. Ricard: That is why the people of his riding defeated him.

Mr. Pickersgill: Mr. Breton put the following question to the Solicitor General, as will be found in *Hansard* on page 129:

> When sitting in the opposition, the hon. Solicitor General, has on various occasions, given expression to the well-known thought that federal subsidies are unconstitutional—

He was referring here not, of course, to university grants, but to the equalization payments which, apparently, the Solicitor General also thought were unconstitutional but which he has joined his colleagues in continuing for three years since he has been a member of the government and which he now wants us to continue still further. Perhaps I was hasty in saying this was not a legal opinion, because the record continues:

> The opinion which he voiced then was shared in every way by the government of the province of Quebec. In view of the proposed federal-provincial meeting on fiscal matters, could he tell us now if he will oppose the subsidies which his government seems to be preparing at this time?

Mr. Speaker: I am sorry to interrupt the hon. member in the middle of his quotation, but his time has expired.

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, ever since Bill C-56 has been under consideration there has been in this house an election atmosphere created under the guidance of one of the Liberal leaders in Quebec, Mr. Jean Lesage, a nefarious centralizer who has been making the hon. members of Her Majesty's official opposition blind or at least pretending to be.

(Text):

Mr. Pickersgill: I rise on a point of order. The hon. member has made an unwarranted attack upon a member of the Queen's privy council for Canada, using language which, I believe, is contrary to the rules of this house.

(Translation):

Mr. Paul: The hon. member for Bonavista-Twillingate referred a moment ago to what was said by the brilliant member for Joliette-L'Assomption-Montcalm under the Liberals, Mr. Breton.

Well, I want to quote the ex-Liberal member for Montmagny-L'Islet (Mr. Lesage) and to comment upon his attitude.

Then, I do not think that the hon. member for Bonavista-Twillingate was justified when he interrupted.

(Text):

Mr. Speaker. The hon. member, as I heard the interpretation, referred to a former member of the house and a privy councillor as nefarious. That was the translation. I have forgotten what the additional epithets were. May I remind him that the bill before this house is a bill which has to do with federal action and not provincial action, and that it will not be in order if his purpose is to discuss political figures in the Quebec provincial election. It is not in order to do that. I would ask the hon. member to reconsider the terms which he used.

(Translation):

Mr. Paul: With all due respect, Mr. Speaker, I will withdraw the word "nefarious" to replace it by the word "notorious".

I can understand the concern of Liberal members from Quebec who are sitting in this house and who have put their confidence in the hon. member for Laurier (Mr. Chevrier) who, from time to time, appears on Quebec television—and, he is about the only one who does so—to preach the great Liberal doctrine which, according to him, is the only one able to solve all national problems, and especially to safeguard the autonomy of the provinces, particularly in matters of education.

I intend to speak very briefly about Bill C-56, and far be it from me to consider a legal text to analyse the constitutional implications of section 93 of the British North America Act.

I will simply put a few questions to the Liberal members of the official opposition, in order to judge, by their attitude, of their sincerity in discussing this bill.

Do the Liberals admit that education, at all levels, and under section 93 of the 1867 act, belongs exclusively to the provinces? Section 93 is quite clear on that point. Only the provinces are entitled to legislate in matters of education, which implies, therefore, that they have the exclusive right of levying funds to support schools and universities.

The hon. member for Laurier should give us an explanation of the policy adopted by his party when, on January 9, 1952, order in council P.C. No. 123 defined the terms "students" and "universities" for the purposes of implementing the federal act providing for assistance to universities.

What was the definition given to the term "university level"?

As far as a province is concerned, a program study stage more varied than that which is generally accepted in the provinces as entrance condition to university.

The situation became seriously endangered, and those conditions and terms forced the province of Quebec to refuse the federal grants.

In the province of Quebec, such encroachment on the part of the federal government on the field of education could not be accepted, because universities and affiliated classical colleges are their own masters with regard to their education program and enjoy the fullest autonomy. This freedom of action allows them to retain for our educational system its own distinctive character, which is so much in keeping with the traditions of the people of Quebec.

Considering that Canada has a dual culture, the French culture which is so rich, so beautiful and so noble and the Anglo-Saxon culture which is characterized by its beauty, dignity and richness; considering that educational programs and systems are based on either one or the other of those cultures, depending on the racial groups for which they were meant it was extremely dangerous for the preservation of the French fact, of the French language and of the French culture to agree that the definition of the words "student", "university" and "university level", as set out in order in council No. 123, be the same across the whole country.

It is then that we saw the late Hon. Maurice Duplessis, premier of the province of Quebec, take a strong stand. He fought aggressively for his people and the Almighty recalled him at the top of his glory September last, before he could even reap the profit of the great battles he fought against the centralization of the federal Liberal party, of which were members at the time the hon. member for Laurier (Mr. Chevrier) and the ephemeral leader of the Quebec Liberal party, Mr. Jean Lesage, former member for Montmagny-L'Islet.

And it is those people who today, with regard to Bill C-56, talk about encroachment upon the autonomy of the province of Quebec. The former member for Montmagny-L'Islet is very ill-advised to proclaim himself, in the province of Quebec, the champion of autonomy and education, because he supports today what he criticized formerly, and his sincerity is only equalled by a personal ambition dictated by the proud wish of becoming premier of his province.

There is many a slip 'twixt the cup and the lip as Mr. Jean Lesage won't be long in finding out.

[Mr. Paul.]

Liberal members of this house should put education before petty politics. We must first consider the problem of education if we want our young students, the citizens of tomorrow, to have all the educational facilities which will enable them to play their part in the political life of our country, a highly social part.

The Liberals believed and above all hoped that the Conservative government would fail to find an area of agreement, a solution acceptable to the province of Quebec. The matter of university grants is not definitely solved by the present bill, but it recognizes that the provinces have an absolute right to levy taxes for educational purposes and to be able to discharge the responsibilities devolved upon them by the constitution. The time for the gradual return to the provinces of their taxation fields has come and soon, the present government will give back to the provinces the privilege to exercise their exclusive jurisdiction as regards education and grants to education.

During the last federal elections, the Prime Minister of Canada (Mr. Diefenbaker) had promised a happy solution to the problem of university grants. The Canadian people and the people of Quebec have trusted him and today the Minister of Finance (Mr. Fleming) by his bill is fulfilling this electoral promise.

I wish to take this opportunity to congratulate the premier of the province of Quebec, the Hon. Antonio Barrette, for the strong stand he has taken in order to help our educational institutions and our universities in the province of Quebec. His government did not care to know what the federal government would do and, without knowing if Ottawa would accept the 1 per cent increase of the corporation tax for educational purposes, enacted a law whose constitutionality is recognized by Bill C-56 introduced by the Minister of Finance.

In order to avoid double taxation and to respect provincial autonomy, the federal government through Bill C-56 grants a deduction of 1 per cent on its own tax. Is that the breach of provincial autonomy mentioned by the member for Laurier and the ex-member for Montmagny-L'Islet? The latter would have done much more for his people had he taken the same stand which he advocates to-day when he was sitting in this house. What will be the attitude of the Liberals concerning Bill C-56? If they vote against the bill, we will come to the conclusion, (1) that they are opposed to the

integral maintenance of section 93 of the act of 1867; (2) that they blame the present government for being careful not to encroach upon provincial rights in the field of education; (3) that they blame the province of Quebec for recovering the sum of $25 million to assist higher education in Quebec; (4) that they prefer to help their little friend Jean Lesage than to serve the interests of education; (5) that they were and still are centralizers and continue to promote the "believe or die" or "take it or leave it" policy of the previous prime minister, Mr. St. Laurent; (6) that they have definitely no regard for provincial autonomy.

On the other hand, if they support Bill C-56, we shall conclude, (1) that they were not in earnest when they stated their argument on autonomy; (2), that they attempted to distract the people of Quebec in order to make them forget that the matter of university grants was settled through understanding, co-operation and absolute respect of provincial rights, between the Union Nationale government, on one hand, and the Conservative government, so efficiently headed by the Prime Minister, Mr. John Diefenbaker, on the other hand; (3), that they criticized this bill for five days for publicity purposes to finally approve it out of undue deference to public opinion.

In concluding, on behalf of the population of Berthier-Maskinonge-Delanaudiere, I extend my heartiest congratulations to the Minister of Finance. And on behalf of educators, students, teaching institutions of my riding, I thank you, the Minister of Finance.

I shall support this bill and I vote for it, because it constitutes another step toward peace, harmony and true national unity in everyday life.

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I listened with great interest to the debate on Bill C-56, which amends the Federal-Provincial Tax-Sharing Arrangements Act.

According to pages 3279 and following of *Hansard,* the hon. member for Laurier (Mr. Chevrier) made a complete historical survey of the matter of grants to universities, and his masterly speech covered the period from the request for financial assistance of Canadian universities to the Massey commission to the 1956 amendments which doubled those grants and charged the national conference of Canadian universities with their distribution.

I will briefly recall from this historical survey of the question only the essential facts.

In 1950, and everybody knows this, the Canadian universities were in a disastrous financial situation—equivalent to a case of national urgency—which then required immediate solutions. We recall that in 1950, the universities themselves felt it was the duty of the government to help them.

So they explained their urgent needs to the Massey commission. The latter made a report on this matter to the federal government and urged it to revise the credits voted in aid to universities.

In the 1951-52 estimates, the special vote which provided direct grants to universities came from the consolidated revenue fund, not from a direct tax.

I must point out, Mr. Speaker, that those grants at the time were received with eagerness not only by all Canadian universities, but also by all political parties in the house, as well as by the government of the province of Quebec at the time, including the premier.

Those grants to universities initiated in 1951-52 either were constitutional or not.

If they were unconstitutional, why then were they approved without restriction by all political parties, by all provincial governments, including the Union Nationale and Mr. Duplessis?

If, on the other hand, the direct grants to universities were constitutional in 1951 and 1952, according to the Union Nationale and Mr. Duplessis, why did they become unconstitutional for them in later years?

We are all free to draw our own conclusions. My opinion is that in 1952 and 1956, which were election years in the province of Quebec, the Quebec government at the time deemed it expedient to entertain a constitutional myth for purely political purposes, feeling it was much more advantageous to use those expedients than solve the problem of the Canadian universities.

Mr. Speaker, the Conservative members of the province of Quebec were elected, among other reasons, because of formal promises they made to the electors in that province. Our Conservative friends undertook, if elected, to find a formula by which no federal grant would be paid to universities. And now Bill C-56 is before this house.

Not long ago I was reading thoughts by Euripides and I remember this Latin quotation which, I think, applies to this case:

Quos Deus vult perdere prius dementat.

Those whom God wishes to destroy He first deprives of their senses.

Mr. Speaker, the bill under consideration is in two parts, one of which is basically wrong, dangerous and anti-constitutional. That part is precisely that which is known as the Diefenbaker section.

On the other hand, there is in Bill C-56 a part that is good, and it is precisely the part taken from the act passed by the Liberal government of Mr. St. Laurent.

Mr. Speaker, may I ask you to call it ten o'clock?

(Text):

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I inquire what the business will be for tomorrow? I wonder whether the house leader can indicate what business we will be taking on Monday and other days of next week.

Mr. Churchill: Mr. Speaker, tomorrow we will consider the estimates of the Department of Agriculture. On Monday we will start with item No. 14 on today's order paper, which is a motion to set up a select committee to consider the procedure of the house. If it is concluded it will be followed on Monday by the budget resolutions.

On Tuesday, we will continue with the debate on Bill No. C-56, to amend the Federal-Provincial Tax-Sharing Arrangements Act. If that is concluded, we would follow with budget resolutions. Tentatively, I am suggesting for Wednesday consideration of a bill to amend the Combines Investigation Act and the Criminal Code, which will appear for first reading on tomorrow's order paper. I think that is as far as I can go at the present time, Mr. Speaker.

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

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

FEDERAL STEAMSHIP SUBSIDIES, NEWFOUNDLAND-MAINLAND

Question No. 353—**Mr. Pickersgill:**

Question

1. Are federal steamship subsidies provided to any companies for services between other parts of Canada and the province of Newfoundland?

2. If so, to what companies, for what services and in what amounts?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The Canadian maritime commission advises as follows:

1. Yes.

2 (a) Gulf and Northern Shipping Company Ltd., of Charlottetown, P.E.I.; (b) between Prince Edward Island and Newfoundland (Charlottetown, Pictou and St. John's); (c) jointly with province of Prince Edward Island. Federal subsidy, $72,000.

APPENDIX

LETTERS FROM JAPANESE AMBASSADOR RESPECTING EXPORT QUOTAS

EMBASSY OF JAPAN

Room 701, Metcalfe building,
88 Metcalfe street,
Ottawa 4, Ontario, Canada,

April 29, 1960.

The Honourable Donald M. Fleming,
Minister of Finance,
Ottawa, Ontario.

Dear Sir:

As you well know, careful consultations have been going on between the two of us, as well as between the staff of the Canadian departments concerned and my embassy, as to the size of quota to be voluntarily applied by Japan for export to Canada of commodities which might injure or threaten to injure the Canadian producers of such or like products.

I am happy to inform you that as a result of these consultations, my government has decided to apply voluntary export quotas on textile goods as set forth in the annex to this letter for the year 1960.

You are aware that in addition, the Japanese government also maintains voluntary export control on other secondary textile products. These are listed in the final page of the annex. In respect of these items it is the intention of the Japanese government to establish export quotas for the year 1960 which provide for a moderate and orderly expansion on the basis of 1959 shipments.

It is noted that these measures, as set forth in the annex, are taken by the Japanese government on its own accord in order to conform with its established policy of gradual increase of Japanese exports on an orderly basis with a view to avoiding undue injury to the domestic industry of importing countries.

You will also note from the annex that many new items have been included under control and almost all items, at least all important items, of the secondary textile goods—nearly 100 per cent of the total Japanese export to Canada of garments or 77 per cent of secondary textile goods—will be covered by these measures. It is the opinion of my government that these controls will effectively preclude any further flooding in any of these categories of goods.

I take this opportunity to renew my firm belief that by setting up these self-restraining measures, we have been able to pave the way for the further expansion of two-way trade on an orderly basis, to the mutual benefit of both countries.

In communicating this information to you, I assume that in respect of products listed in the annex to this letter, for which firm quantities are specified, Canada will not, during the year 1960, invoke the provisions of article XIX of the GATT or of the exchange of letters which accompanied the agreement of commerce of 1954 between Canada and Japan.

Yours sincerely,

Toru Hagiwara,
Ambassador of Japan.

See pages 3622 and 3623.

Other secondary textile products on which voluntary controls are maintained

1. Woollen sweaters, pullovers and cardigans.
2. Woollen knitted gloves and mittens.
3. Paper caps, paper hats and hat bodies.
4. Silk and silk rayon mixed scarves and mufflers.
5. Rayon gloves and mittens.
6. Bed sheets other than cotton.
7. Bed spreading all fibres.
8. Pillow cases other than cotton.
9. Woollen coats and slacks.

e.g. suits, trousers, skirts, dresses, coats, etc.

EMBASSY OF JAPAN

Room 701, Metcalfe building,
88 Metcalfe street,
Ottawa 4, Ontario, Canada.

April 29, 1960.

The Honourable Donald M. Fleming,
Minister of Finance,
Ottawa, Ontario.

Dear Sir:

As you well know, careful consultations have been going on between the two of us, as well as between the staff of the Canadian departments concerned and my embassy, as to the size of quota to be voluntarily applied by Japan for export to Canada of commodities which might injure or threaten to injure the Canadian producers of such or like products.

I am happy to inform you that as a result of these consultations, my government has decided to apply a voluntary export quota in respect of stainless steel flatware for the year 1960. Total shipments of this product to Canada for the year ending December 31, 1960 will not exceed 1,150,000 dozen pieces.

I understand that Canadian firms are likely to place orders with the Japanese industry to supply approximately 150,000 dozen pieces for the "premium" or "give-away" trade. Accordingly it is expected that as in former years a significant quantity, within the quota, will be absorbed by shipments to supply the "premium" business.

It is noted that this measure is taken by the Japanese government on its own accord in order to conform with its established policy of gradual increase of Japanese exports on an orderly basis with a view to avoiding undue injury to the domestic industry of importing countries.

In communicating this information to you, I assume that in respect of this product Canada will not, during the year 1960, invoke the provisions of article XIX of the GATT or of the exchange of letters which accompanied the agreement of commerce of 1954 between Canada and Japan.

Yours sincerely,

Toru Hagiwara,
Ambassador of Japan.

EMBASSY OF JAPAN

Room 701,
Metcalfe building,
88 Metcalfe street,
Ottawa 4, Ontario, Canada.

April 29, 1960.

The Honourable Donald M. Fleming,
Minister of Finance,
Ottawa, Ont.

Dear Sir:—

In the course of the consultations respecting Japanese voluntary export restraints I referred on several occasions to the problem of shipments from third countries to Canada of products for which Japan has undertaken self-restraining measures. I would like to take this occasion to remind you once again that the Japanese government attaches the utmost importance to avoiding a situation where third countries are able to expand their sales to Canada of such products by virtue of the fact that Japan has undertaken to limit her shipments. Should it transpire that such diversion of trade were taking place I would assume that your government would take the necessary steps to correct the situation. In any event I would like to reserve the right to raise this point with you again should developments make this necessary.

Yours sincerely,

Toru Hagiwara
Ambassador of Japan.

ANNEX

VOLUNTARY QUOTAS ON THE EXPORT OF JAPANESE TEXTILE GOODS TO CANADA FOR THE YEAR 1960

Item	Fibre	Description	Quantity
1	Spun rayon	Blouses	124,000 dozen
		Shirts (including dress and work shirts and sport shirts)	186,000 dozen
		Total Blouses and shirts	310,000 dozen
		NOTE There is provision for a 10 per cent swing from one subquota to the other (see explanatory notes), but the total of the two subquotas will not exceed 310,000 dozen.	
2	Spun rayon	Trousers and outer shorts	94,000 dozen
		Other garments in the coats and slacks group (including skirts and woven underwear)	50,000 dozen
		Total coats and slacks	144,000 dozen
		NOTE These quota amounts are to apply to shipments in the period April 1, 1960 to December 31, 1960. There is provision for a 10 per cent swing from one subquota to the other (see explanatory notes), but the total of the two subquotas will not exceed 144,000 dozen.	
3	Spun rayon	Knitted wear	140,000 dozen
4	All textile fibres	Elastic braid	500,000 lbs.
5	All textile fibres	Elastic webbing, woven	482,000 lbs.
6	Cotton	Blouses	185,000 dozen
		Sport shirts	215,000 dozen
		Blouses and sport shirts	400,000 dozen
		Dress and work shirts	95,000 dozen
		Total blouses and shirts	495,000 dozen
		NOTE There is provision for a 10 per cent swing between the two subquotas for blouses and sport shirts (see explanatory notes), but the total of the two subquotas will not exceed 400,000 dozen.	
	Cotton	Trousers and outer shorts	80,000 dozen
		Other garments in the coats and slacks group (including skirts and woven underwear)	245,000 dozen
		Total coats and slacks	325,000 dozen
		NOTE There is provision for a 10 per cent swing from one subquota to the other (see explanatory notes), but the total of the two subquotas will not exceed 325,000 dozen.	
8	Cotton	Knitted wear	330,000 dozen
9	Cotton	Damask table cloths	1,100,000 square yards
10	Cotton	Pillow cases	180,000 dozen
11	Cotton	Fabrics	25,500,000 square yards
		NOTE The Japanese government will use its best endeavour with Japanese producers and exporters so that within the quota gingham and velveteen will be shipped at least to the extent of actual 1959 shipments of these items.	

VOLUNTARY QUOTAS ON THE EXPORT OF JAPANESE TEXTILE GOODS TO CANADA FOR THE YEAR 1960—*Concluded*

Item	Fibre	Description	Quantity
12	Cotton	Sheets	666,000 pieces
13	Synthetic (other than spun rayon)	Blouses and shirts (including dress and work shirts and sport shirts)	50,000 dozen
		NOTE Should total shipments of synthetic shirts and blouses in the 12 months ending December 31, 1960 exceed 50,000 dozen, the excess will be charged against and deducted from the quotas established for 1960 for cotton and spun rayon blouses and shirts.	
14	Synthetic (other than spun rayon)	Knitted Wear	75,000 dozen
15	Synthetic (other than spun rayon)	Coats and slacks (including skirts and woven underwear)	45,000 dozen
		NOTE Should total shipments of synthetic coats and slacks in the 12 months ending December 31, 1960 exceed 45,000 dozen, the excess will be charged against and deducted from the quotas established for 1960 for cotton and spun rayon coats and slacks.	
16	All textile fibres	Bedspreads	600,000 pieces

EXPLANATORY NOTES.

1. With the exception of Item 2, relating to spun rayon coats and slacks, all of the quotas apply to total exports in the 12 month period ending December 31, 1960.

2. The Japanese government will use its best endeavour to urge Japanese producers and exporters so that quota shipments will be spread fairly evenly over the year, with due allowance for the fact that the demand in Canada for some of the quota items is seasonal in nature.

3. Where there is provision for a 10 per cent swing between subquotas, the maximum transfer will be 10 per cent of the subquota to be increased by the transfer. For example, in the case of cotton coats and slacks, the maximum application of the swing provision could result in shipments of (a) trousers 88,000 dozen; other garments 237,000 dozen, or (b) trousers 55,500 dozen; other garments 269,500 dozen.

4. In connection with the 10 per cent swing provision, and also more generally the Japanese government will use its best endeavour to urge Japanese producers and exporters so that there will be no undue concentration on any item within the quota categories.

HOUSE OF COMMONS

Friday, May 6, 1960

The house met at 11 a.m.

PRIVILEGE

MR. HOWARD—REFERENCE TO ARTICLE IN OTTAWA "CITIZEN"

Mr. Frank Howard (Skeena): Mr. Speaker, I am rising on a question of privilege relating to a column entitled "Parliament" written by Norman Campbell and Greg Connolley in the Ottawa *Citizen* of Thursday, May 5, which reads in part:

> Meanwhile prospective C.C.F. candidates in the Quebec provincial election are wringing their hands as the blockade is interpreted in the French language press generally as an effort to force divorce courts on Quebec.

Mr. Speaker, I would like to point out that the latter quotation "an effort to force divorce courts on Quebec" is not in accordance with the facts and that that is not our desire at all.

Mr. Speaker: I am not sure whether the hon. member presents a question of privilege. It is a matter of the interpretation of what has transpired in this house.

COMMITTEES OF THE HOUSE

Third report of standing committee on railways, air lines and shipping—Mr. Rowe.

Fourth report of standing committee on banking and commerce—Mr. Cathers.

MISCELLANEOUS PRIVATE BILLS—CONCURRENCE IN EIGHTH REPORT OF STANDING COMMITTEE

Mr. R. J. McCleave (Halifax) presented the eighth report of the standing committee on miscellaneous private bills, and moved that the report be concurred in.

Motion agreed to.

THE BUDGET

TABLING OF AMENDMENTS TO BUDGET RESOLUTIONS

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, as indicated by the leader of the house, the budget resolutions will be under discussion in the house next week. There will be the usual few amendments to the budget resolutions to be introduced and may I, following the practice I inaugurated during the last two years, give notice now for the convenience of hon. members of the amendments that I propose to introduce to the budget resolutions when the house is in committee of ways and means. Perhaps if it meets with the wish of hon. members these might be printed in today's *Votes and Proceedings.*

Mr. Speaker: Is it agreeable to the house that these documents be printed in today's *Votes and Proceedings?*

Some hon. Members: Agreed.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, there is no objection from us, of course, but I wonder if the minister could give a general idea of the nature of these amendments.

Mr. Fleming (Eglinton): Mr. Speaker, there is no general idea. These are individual matters. They are not extensive. It is just a matter of giving the house an opportunity to have notice in detail in advance of the discussion next week.

COMBINES INVESTIGATION ACT—CRIMINAL CODE

AMENDMENTS RESPECTING MERGERS, MONOPOLIES, ETC.

Hon. Gordon Churchill (for the Minister of Justice) moved for leave to introduce Bill No. C-58 to amend the Combines Investigation Act and the Criminal Code.

Motion agreed to and bill read the first time.

FEEDS ACT

PROVISION FOR CONTROL AND REGULATION OF SALE OF FEEDS

Hon. D. S. Harkness (Minister of Agriculture) moved for leave to introduce Bill No. S-27, to control and regulate the sale of feeds.

Motion agreed to and bill read the first time.

NATIONAL DEFENCE

BOMARC MISSILE—REQUEST THAT EXPENDITURES CEASE FOLLOWING U.S. ACTION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Now that the United States House of Representatives by a vote of 327 to 3 has

eliminated funds for procurement of the Bomarc missile, may I ask the Acting Prime Minister whether he will not stop all expenditures on the Canadian Bomarc program?

Hon. Donald M. Fleming (Acting Prime Minister): The United States congress as the hon. gentleman well knows, has not concluded with this matter. One house of the congress has dealt with it, and the question is now on its way to the United States Senate. It is to be hoped that the United States Senate will be able to deal with this matter reasonably expeditiously, but in the light of the agreement which was entered into between the two countries it would be improper on our part simply to assume that the United States government is not going to be in a position to carry out its part of the agreement.

We hope this matter will be clarified and cleared up at an early date. I think the house is already aware of the fact that the program, in so far as Canada is concerned in the construction of two bases, is very modest indeed, and that the expenditures on it are merely fractional. Canada, at a relatively tiny expense to herself, has enjoyed the benefit of huge expenditures by the United States on the development of and experiments on this weapon.

Hon. Paul Hellyer (Trinity): Will the Acting Prime Minister suspend the operation immediately until the United States congress and administration have come to a conclusion on this question, in order that not one additional dollar of the taxpayers' money shall be spent unnecessarily?

Mr. Fleming (Eglinton): I think I have answered that question, but if there is any doubt at all about my answer, may I remind the hon. member that the expenditures by the Canadian government at the present time on these two sites are, relatively, very tiny indeed. I have given the reasons why we hope for an early conclusion and final decision on this matter and why, in the meantime, the program which we have agreed upon is not one that we, as a government which honours its obligation, are in a position to ignore.

Mr. D. M. Fisher (Port Arthur): Would the Acting Prime Minister comment on the story in the *Globe and Mail* that Canada has taken a most unusual course in approaching two United States senators in an effort to help retain the Bomarc program?

Hon. G. R. Pearkes (Minister of National Defence): I can answer that question. I think it was last Monday that I gave a definite negative in reply to a similar question. I said I had not approached any United States congressman or senator. Since then I have had no communication with any United States senator or congressman. There is absolutely no truth in the story.

Mr. Hellyer: A supplementary question, Mr. Speaker. Has the minister or any hon. member or representative of the government contacted any member of the United States administration in respect to this matter urging that they carry on and complete their commitment?

Mr. Pearkes: Mr. Speaker, I have not contacted any member of the United States administration urging them to take any course in this matter. I cannot speak for the other members of the government, but my hon. friend may go around and ask each one.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of National Defence whether in the light of these recent developments referred to by the Leader of the Opposition the minister still has faith in the Bomarc missile.

Mr. Pearkes: Mr. Speaker, from all the information I have received from the technical people connected with the Bomarc missile I believe that it can be made functional. It might interest the hon. gentleman to know that the administration in the United States are asking that the Bomarc program be restored to the appropriations.

Mr. Hellyer: At the insistence of the Canadian government.

Mr. Pearkes: That is entirely incorrect, Mr. Speaker, and I ask that that remark be withdrawn. Within the last five minutes I have said a number of times that we had not contacted the United States administration in this respect.

Mr. Speaker: If the remark was made it was not made by an hon. member who rose and was recognized. I heard nothing, and with the leave of the house the record might very well take no account of what was said.

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): Mr. Speaker, with respect, the hon. member for Trinity while retaining his seat, said at the conclusion of the previous answer these words—

Mr. Speaker: Order. Before the Acting Prime Minister proceeds may I say to him that if he proceeds to say what was said I shall not ask to have it excluded from *Hansard*; but if he wishes to put the matter on record and make it a matter of record he may proceed. I think perhaps that is the only course to follow.

Mr. Hellyer: Mr. Speaker, on a question of privilege, I think the comment should be on

the record. I said "At the insistence of the Canadian government". There have been numerous reports from Washington that members of congress, both of the House of Representatives and of the Senate, have been contacted by someone, sources unnamed.

Mr. Hees: I would not be surprised if the sources were members of the Liberal party.

Mr. Speaker: Order. May I point out to the hon. gentleman that he is quite out of order in volunteering any such statement.

Mr. Pearson: Mr. Speaker, may I ask the Acting Prime Minister whether any diplomatic representative of the Canadian government has been instructed to approach the United States government in regard to the decision to be taken in Washington on the Bomarc?

Mr. Pearkes: As far as my department is concerned, Mr. Speaker, the answer is no; they have had no instructions to attempt to influence in any way the decision to be taken there. No remark has been made other than that which I made in the house last week, that if this program were finally cancelled it would not be in keeping with the arrangements which were made. No other remark has been made.

Mr. Pearson: Can the parliamentary secretary to the Secretary of State for External Affairs say whether any instructions of that kind have gone from external affairs?

Mr. W. B. Nesbitt (Parliamentary Secretary to the Secretary of State for External Affairs): To my knowledge, absolutely no, Mr. Speaker.

INQUIRY AS TO DECISION RESPECTING MANNED INTERCEPTORS

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of National Defence. In view of the fact that the SAGE computer installation was intended to control both the Bomarc missile and manned interceptors designed for the purpose, and in view of the minister's statement to the house last Tuesday that Canada would proceed with the SAGE computer installation notwithstanding the outcome of the Bomarc, can we conclude that the minister has decided to re-equip our defence squadrons with supersonic manned interceptors?

Hon. G. R. Pearkes (Minister of National Defence): Such a conclusion would be quite erroneous.

Mr. Hellyer: I should like to ask a supplementary question. Can the minister tell the house what Canadian weapons will be controlled by the SAGE system?

Mr. Pearkes: It is not necessary that any Canadian weapons will be controlled by the SAGE system. We are in partnership with the United States for the defence of the North American continent. The United States have stationed at various points in the United States a large number of interceptor squadrons which should be controlled by the SAGE system whether or not Canada had any interceptors of her own. As I said in the house some time ago, no decision has been reached to re-equip the CF-100 squadrons with any particular aircraft at the present time.

FINANCE

STATEMENTS BY MINISTER OF PUBLIC WORKS RESPECTING LENDING MARKET

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Acting Prime Minister based upon his approving reference yesterday to statements made here last Tuesday by the Minister of Public Works. My question is, when the Minister of Public Works stated that we helped to spoil the lending market, was he making an official government comment on official government monetary policy?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, the statement which I made at that time is self-explanatory. The fact that we borrowed in 1959 one third of a billion dollars in the money markets for one separate item, housing, which was a very great amount of borrowing indeed, did help to make the money market a difficult one in which to borrow money at reasonable rates.

INTERNATIONAL TRADE FAIR

SUGGESTED ALL-CANADIAN FAIR—REJECTION OF INVITATION BY MONTREAL

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. In view of the fact that Canada was not successful in obtaining the world's fair for 1967, will the government give consideration to supporting an all-Canadian fair along the lines proposed by the Toronto *Daily Star*?

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, while regretting the fact that the decision taken yesterday was not favourable to Canada's claim that the international fair of 1967 should be held at Montreal, the house can be assured that the

government will take all proper steps to see that Canada's one hundredth birthday is suitably observed.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask a supplementary question. Can the Acting Prime Minister say why Canada did not make an attempt to get some of its friendly nations to enter into the discussions in the same manner as the Union of Soviet Socialist Republics?

Mr. Speaker: Order. While I appreciate the hon. member's desire to discuss the matter, it seems to me that he is opening up an argument about something that happened in the past, and it would be better to raise the matter on the estimates or at some other time when a debate would be possible.

Mr. Chevrier: May I respectfully draw Your Honour's attention to the fact that it is not something that happened in the past; it happened yesterday.

Mr. Ricard: What is yesterday?

Mr. Chevrier: I am sure when Your Honour used the word "past" you did not mean the immediate past. Because this is a matter of considerable concern to many of us, and I am sure to the government as well, it seems to me perfectly in order to ask the Acting Prime Minister the reason, if any, why Canada did not move in the same way as the Union of Soviet Socialist Republics did.

Mr. Speaker: In view of what the hon. member says I will revise my view.

Mr. Fleming (Eglinton): Mr. Speaker, I can assure the house the government did all that was within its power to persuade the group meeting in Paris in recent days to select Montreal as the site for the 1967 world's fair.

When the hon. member asks me why Canada did not adopt the same tactics that were adopted by a totalitarian country, I can only say that Canada pursued proper tactics, and has not always open to it the kind of methods that are open to a totalitarian government. We proceed by the methods that are open to a democratic government. I assure the house that every effort was made properly to persuade that meeting to choose Montreal as the site for the 1967 world's fair.

The house is aware of the fact that the matter was resolved only after five votes were taken, and the contest was exceedingly close. Austria withdrew several days ago and the issue then became a straight question of choosing Moscow or Montreal. On the first two ballots a two thirds majority was required. The result of the first ballot was 17 for Moscow and 13 for Montreal, and on the second ballot 16 for Moscow and 14 for Montreal. On the remaining ballots a clear majority only was required. The result of the third and fourth ballots was a tie, 15 votes for each side. On the fifth ballot one country changed its vote, and the result was determined in consequence by a vote of 16 for Moscow against 14 for Montreal.

We regret the result but, Mr. Speaker, I wish to leave no doubt in the mind of any hon. member that everything that could properly be done to persuade the group meeting yesterday to select Montreal as the site for the 1967 world fair was done and efficiently done by the two ministers who represented Canada at the meeting.

Hon. L. B. Pearson (Leader of the Opposition): In view of developments of recent weeks which bear on the position taken yesterday, did the government at any time, without adopting totalitarian methods, suggest to any of its friends that there were advantages in joining this bureau? The answer is no.

Mr. Fleming (Eglinton): I do not think it would be appropriate to launch into a detailed review here of what might or might not have been done in relation to any particular country. There were 30 countries represented at this meeting and, as hon. members are aware, certain countries, associated with the Soviet philosophically, had recently joined the group. So far as Canada is concerned, we acted at all times in a straightforward way. We do not profess to be able to control the decisions of other countries. Canada, I think it is our proud boast, does not exercise sway over any satellite countries.

Mr. Chevrier: May I ask a supplementary question. Will the minister tell the house how many cabinet ministers attended the meeting in Paris?

Mr. Fleming (Eglinton): Two, Mr. Speaker; the Postmaster General and the Associate Minister of National Defence. I think the house will agree that the country was very well represented.

BUSINESS OF THE HOUSE

INTRODUCTION THIS SESSION OF TOURIST ESTABLISHMENT LOAN ACT

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. Can he tell the house whether the government intends to introduce legislation at this session to implement the request of the Canadian tourist association that a tourist establishment improvement loan act be introduced?

Hon. Donald M. Fleming (Acting Prime Minister): Mr. Speaker, if any such decision were taken at any time by the government it would be indicated to the house in the usual way.

UNITED NATIONS

WORLD REFUGEE YEAR—EXPENDITURE EARMARKED BY CANADA

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): May I address a question to the Minister of Finance. Can the minister inform the house as to how much money is earmarked for and will be spent by Canada during world refugee year?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, there are two parts to the question, the first of which is capable of an answer. The sum of $600,000 has been provided in the estimates in connection with measures related to world refugee year. It is not possible at this point in the fiscal year, of course, to say precisely what will be actually expended.

Mr. Martin (Essex East): It will not all be spent.

SHIPPING

MONTREAL—EFFECT OF COLLISION ON HARBOUR AND SEAWAY OPERATIONS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. Can the minister tell the house what effect the collision which took place last night in Montreal harbour, resulting in the sinking of one ship, will have upon shipping in the harbour and what effect, if any, it will have upon shipping in the seaway?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for notifying me of his intention to ask this question, but as his notification only arrived in my office at the time the bell summoning members started to ring, I have not got a complete answer. However, I do have a report from the national harbours board which I think will give him the information he requires.

Last night about 10 o'clock the motor ship *Polaris* downbound through Montreal harbour apparently had some trouble with its rudder. It rammed the *Federal Express,* which was docked at berth 28. The *Federal Express* broke loose from its moorings, drifted down river and struck the *Thorshope,* docked at shed 29. The *Thorshope* also broke loose and drifted but was immediately anchored. The *Federal Express* sank off Laurier pier.

The ship is reported lying at the bottom of the river 700 feet off Laurier pier. The S. S. *Safeguarder* of the Department of Transport is now in Montreal to locate the exact position of the *Federal Express* and place wreckage buoys. Navigation has to be interrupted until the *Federal Express* is located, and it is expected that navigation should be resumed by noon.

As far as the national harbours board is aware, there has been no loss of life.

Mr. Chevrier: There was a supplementary question, namely whether this accident would affect the movement of ships through the seaway.

Mr. Hees: I have not the answer to that question. As I say, it is expected that navigation will be resumed by noon.

CANADIAN NATIONAL RAILWAYS

LONDON, ONT.—TRANSFER OF CAR SHOPS TO MONTREAL

On the orders of the day:

Hon. Paul Martin (Essex East): I should like to ask a question of the Minister of Transport. Can he advise the house if he has received a request from the mayor of London to meet with the mayor and others regarding the decision of the Canadian National Railways to transfer their car shops from London to Montreal?

Hon. George H. Hees (Minister of Transport): Yes, I received such a telegram, and I replied to the mayor of London that matters of this kind come 100 per cent under the operational jurisdiction of the management of the Canadian National Railways. I told him that in my opinion a meeting for that reason would not serve any useful purpose, and suggested that he get in touch with the president of the Canadian National Railways.

Mr. Martin (Essex East): I thank the minister and ask a supplementary question based on a Canadian Press report in yesterday's London *Free Press* to the effect that the president of the Canadian National Railways said that he was unable to see what useful purpose would be served by such a meeting with him. In view of that report, would the minister be good enough, in the face of this serious problem as far as London is concerned, to ask the president of the Canadian National Railways to meet with the mayor and other interested representatives from London to see if some solution satisfactory to London might be found?

Inquiries of the Ministry

Mr. Hees: High officials of the Canadian National Railways have been in London and have examined this situation several times. They re-examined the situation as recently, I believe, as last Monday, at my specific request that it be gone over completely and thoroughly once again. This was done, and I feel sure that if any useful purpose can be served by a further meeting with Mr. Donald Gordon, he will have that meeting. However, I feel that this matter has been very thoroughly investigated by the management of the Canadian National Railways.

Mr. Martin (Essex East): Will the minister be good enough to answer my question and say whether he will ask Mr. Gordon to see the mayor and other interested parties?

Mr. Hees: I will pass along the request made by the hon. member for Essex East.

Mr. Martin (Essex East): Thank you very much.

HOUSING

ST. JOHN'S EAST LAND ASSEMBLY PROJECT—REPORTED STATEMENT BY PREMIER SMALLWOOD

On the orders of the day:

Mr. J. A. McGrath (St. John's East): I have a question for the Minister of Public Works. Has the minister's attention been drawn to a statement made on May 2 in the Newfoundland house of assembly by Premier Smallwood concerning the land assembly project in St. John's East, wherein the city of St. John's, as agent of the province, would enter into an agreement with the federal government to proceed with this much needed program? If so, does the minister care to make any comment?

Hon. D. J. Walker (Minister of Public Works): I want to thank the hon. member for St. John's East for giving me notice of the question. In reply may I say that I have had the opportunity to read the newspaper report relating to the statement made by Premier J. R. Smallwood in the Newfoundland house of assembly on Monday, May 2. Premier Smallwood stated:

> The government of Newfoundland has not appointed St. John's as their agent for the proposed land assembly project and the government of Newfoundland have no authority to appoint the city as their agent.

On March 10, 1959, more than a year ago, the province of Newfoundland requested of the dominion government, through its deputy minister of municipal affairs, that the possibility of a land assembly project be investigated with a view to entering into an agreement with the city of St. John's as an agent of the province under section 36 of the National Housing Act. Since this type of arrangement has been used in many other provinces, the federal government was prepared to work with the city of St. John's as an agent of the province.

In accordance with this request the federal government agreed to investigate the proposed project with the city of St. John's. This investigation has now been under way for two months. When the province completes its delegation of authority to the municipality and when the investigation is completed, the formal agreements can then be drawn up if the project is approved by the federal-provincial partners. Surely no more evidence is required that the federal government is prepared to participate in federal-provincial housing projects in Newfoundland.

HOUSE OF COMMONS

REQUEST FOR STATEMENT ON GOVERNMENT PLANS FOR SESSION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to address an exploratory question to the house leader. In view of the fact that it appears unlikely that this house can conclude its business by July 1, and in view of the state of uncertainty in which this situation leaves members and their families and the staff and their families with respect to plans for the future, particularly the summer months, can the minister inform the house whether it is the government's intention to make an announcement soon in order to resolve this growing state of psychological disequilibrium?

Hon. Gordon Churchill (Minister of Trade and Commerce): Nothing would restore us to normal more quickly than active co-operation by the group represented by the hon. member in conducting the essential business of the house with dispatch.

The question is interesting and important, Mr. Speaker. This is the 75th day of this session. Of that time, 39 days have been allocated to debates set under the rules or debates which have been conducted here at the request of the opposition, private members' days and supply motions. Fifteen days have been utilized for the consideration of supply. Of those 15 days, 10 were spent on a discussion of supplementary estimates, 2 days on agriculture and 8 days on labour. The balance of the time, 21 days, has been available for government legislation, and a number of measures have already been passed.

Between now and such time as we might conclude the session—and this is within the hands of the people on the opposite side of

the house—we have the legislative program to complete and the consideration of estimates. There are left two supply motions, which will consume four days. The balance of the time then is available for discussion of the matters now on the order paper and the others which will be coming forward very shortly. I think it is within the expectation of the house that we could complete the business by the end of June.

Some hon. Members: Oh, oh.

Mr. Churchill: It depends on an assessment of the measures which appear before the house; and for those items on which the opposition finds it wants to conduct a spirited and lengthy debate, the opportunity is there. There are some items which can be referred to a committee for study, and there are still other items which do not involve lengthy debate.

I hope to consult with representatives on the other side of the house on Monday with regard to the program that remains before us, and perhaps by co-operation we can allocate time in such a way that no one is prohibited from expressing his opinion here and at the same time the business of the house will be speeded up.

Hon. Lionel Chevrier (Laurier): I think the house will appreciate the statement the leader of the house has just made on the present position of the session, but I wonder if he will give consideration to telling us whether all the legislation which the government intends to introduce is now on the order paper, whether all of the committees have been established, and what is the proposal from now to the end of the session.

While I realize that the minister said a few moments ago that he will discuss this on Monday, would it not be a good idea to have down on paper what there is which remains to be done over and above what I have already asked?

Mr. Churchill: I think there is great advantage in making clear to everyone in the house the business that is before us, and that is what I have been trying to do during the course of this session. Immediately on the return of the Prime Minister I think it will be possible to lay before the house the projected program for this year. We have on the order paper now, with the addition of these bills which were given first reading this morning, 17 items for consideration. There will be, I think, 12 more items to appear on the order paper, some of them of major importance, some of them of less importance.

Inquiries of the Ministry

IMMIGRATION

REQUEST FOR STATEMENT ON DEPORTATION OF CHINESE WOMAN

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Minister of Citizenship and Immigration, in view of the decision by the Ontario supreme court yesterday in a case which her department had before the courts, whether the department still intends to persist in its effort to deport this Chinese woman who is the mother of a Canadian citizen, thereby involving either the exile of a citizen of this country or the separation of an infant citizen from its mother.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I understood, Mr. Speaker, that we were not going to discuss details of these cases in the house, but I would refer my hon. friend to a decision which was given in another case in Montreal which is exactly the opposite of that given in Toronto.

Mr. Pickersgill: On the point of order raised by the hon. lady, since she has raised it—

Some hon. Members: Question.

Mr. Speaker: Order. The hon. member probably misunderstood what the minister said. She was replying to a question, not raising a point of order, and indicating why her answer was of the kind it was.

Mr. Pickersgill: Then may I put a supplementary question. Is it still the policy of the hon. lady to deport the parents of infant Canadian citizens from this country?

Mrs. Fairclough: Mr. Speaker, the implications of that question are too broad to give a simple answer.

Mr. Pickersgill: Well, does the hon. lady intend to deport the mother of this Canadian citizen?

Mrs. Fairclough: Yes.

TRADE

WHEAT—STATEMENT RESPECTING COMMERCIAL PURCHASES BY INDIA

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Ottawa West asked me a question concerning the commercial purchases of wheat by India in the last year or so.

The information that I have been able to get in the interval is that in the crop year

1958-59 India purchased 29,000 tons of wheat from Australia. Under the present arrangement with the United States, in the crop year 1959-60 it is expected that India will purchase 400,000 tons of wheat; and of this amount India has already made arrangements to purchase 276.4 thousand tons from Australia and 20,000 tons from Canada. Australia has been the main supplier of wheat to India on a commercial basis.

LABOUR CONDITIONS

ELLIOT LAKE—STATEMENT ON FEDERAL ASSISTANCE PROGRAM

On the orders of the day:

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, while I have the floor I might reply to the question asked by the Leader of the Opposition yesterday with regard to Elliot Lake, and outline what the government is doing in that respect.

The problems concerning the Elliot Lake community have been receiving continued and intensive study by the government. Based on the information supplied by various organizations representing Elliot Lake and on investigations conducted on the spot by representatives of the government, plans have been made to examine every aspect of the situation at Elliot Lake with a view to assisting in sustaining the community.

As I mentioned earlier in the house, the problem requires action on a broad front. The community itself is showing commendable effort. The mining companies are engaged in searching for other industries for the area. The government of Ontario over the years has shown a very active interest in the development of the community and is concerting provincial measures to aid in the continued well being of the community. The dominion government also has an interest in the welfare of Elliot Lake.

To further these purposes a committee has been appointed with instructions to consult with the appropriate representatives of the government of Ontario, the mining companies and the community of Elliot Lake. The committee has also been empowered to examine the possibility and feasibility of any projects under federal government jurisdiction that might be considered for location in the Elliot Lake area.

At the present time several proposals involving industrial establishments are being considered. In addition, the Department of National Defence has been making inquiries as to the practicability of establishing a training centre at Elliot Lake. The continuance of as much employment as possible under the circumstances is a major concern, and all factors affecting employment are being reviewed with the mining companies.

Pending the outcome of the consultations and investigations now going on it is not possible to state precisely the type of assistance that may be given to the Elliot Lake area. The committee is actively engaged in attempting to find an acceptable solution to the problem.

Hon. Mr. Macaulay, minister of energy resources in Ontario, has informed me that similar activities are being undertaken by a committee appointed by the government of Ontario, and in conversation with him we have arranged to have a meeting of the two committees at the earliest opportunity.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the minister if it is not the case, judging from his answer, that the federal program of assistance for Elliot Lake at this time is merely a further examination by the appointment of a committee?

Mr. Churchill: Mr. Speaker, I think that is an unnecessary gloss on the statement I have made. The Minister of National Defence reported to the house just the other day that his department is very actively engaged in assessing the possibility and feasibility of locating a defence training establishment at Elliot Lake. This is going ahead, but a decision cannot be reached overnight or within a few days because of the obligations involved. If this is gone ahead with it will be a very substantial contribution by the dominion government to a very active and important community.

POWER

SOUTH SASKATCHEWAN RIVER—INQUIRY AS TO FEDERAL REFUSAL OF LOAN

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, could I ask the Minister of Northern Affairs and National Resources whether the government has declined to make a loan, on the same basis as the loan for the Beechwood project, to the government of Saskatchewan for the power project in connection with the South Saskatchewan development?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): No, Mr. Speaker, the government of Canada has not declined.

Mr. Pickersgill: Could the minister say whether negotiations with that government are still under way?

Mr. Hamilton (Qu'Appelle): I think it is understood that the working out of a national power policy takes some time, and the members of the government of Saskatchewan understand the over-all studies which are being made in this regard.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

1. Departmental administration, including advisory committee on agricultural services, $777,657.

Mr. Brassard (Lapointe): Mr. Chairman, when I adjourned the debate last Friday I was pointing out that the Minister of Agriculture, in his second speech, made certain accusations concerning the hon. member for Drummond-Arthabaska. He accused the hon. member of having delivered in this house a purely political speech on agriculture.

I am sure I am not the only one in this house who understands very well why the minister made this accusation. It was much easier for him to make an accusation of that kind than it would have been to try to reply to the very specific charges which were made by the hon. member for Drummond-Arthabaska against the agricultural policies, or lack of policies, of the Minister of Agriculture.

In saying only one or two words about the second speech of the minister I might ask the hon. gentleman why he did not try to deal with a statement of fact which was clearly made by the hon. member for Drummond-Arthabaska, to the effect that the farmers' net income for the year 1959 fell by 7 per cent. The minister might also have attempted to explain to the country and to the house, when he took the floor shortly after half past four, precisely what constitutes the long range program in agriculture about which he talked so much in 1957 and 1958.

There is another reason why the minister should have accused the hon. member for Drummond-Arthabaska of having made a political speech in this house, and it is this. The hon. member for Drummond-Arthabaska reminded the minister and the Prime Minister of their solemn pledges to the Canadian people in the field of agriculture. Nothing has been done to implement those solemn promises, and the nature of what has in fact been done has contributed to the deterioration of the agricultural situation in our country.

(Translation):

Mr. Chairman, like all hon. members, I heard the speech made last week by the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), and I now want to quote one or two sentences from that speech. As reported on page 7 of the appendix to *Hansard* for April 29, 1960, the hon. member stated:

> In the province of Quebec, three experimental farms folded up under the former government. Unfortunately, the hon. member for Drummond-Arthabaska (Mr. Boulanger) did not mention those facts to the house.

It is unfortunate that the former government discontinued operation of three experimental farms in the province of Quebec. However, there are other facts that the hon. member for Joliette-L'Assomption-Montcalm, who seems to be particularly careful about accuracy, might have made known to the house.

For instance, he could have told us that, in Quebec, in the last fifteen years, 32,000 farms have been deserted. This is 20 per cent of the province's farm lands. Proof of this statement will be found in *Le Soleil* for August 13, 1959.

An hon. Member: Is this not the Union Nationale paper?

Mr. Brassard (Lapointe): Anyone is free to draw his own conclusions.

Mr. Chairman, the hon. member for Joliette-L'Assomption-Montcalm also stated that sales of margarine in the nine other provinces were very harmful to Quebec agriculture and farmers.

In reply to some of the questions put to him, the hon. member could only say that there was a law against the sale of margarine in Quebec.

The hon. member made a reference to the federal legislation prohibiting imports of American cigarettes. I might point out to him that federal laws are not passed only as padding for statute books. They are enforced, and government representatives see that they are obeyed. When they are not, legal proceedings ensue, and penalties are meted out. But if there is a law against the sale of margarine in Quebec, did the authorities ever take legal action, assess fines or impose jail terms? I submit these few thoughts to the attention of the hon. member for Joliette-L'Assomption-Montcalm.

Mr. Chairman, I do wish, however, to support the hon. member on one point.

Mr. Johnson: Would the hon. member allow me a question?

Mr. Brassard (Lapointe): I shall be pleased to do so when I have completed my remarks.

Mr. Chairman, I do, however, wish to support the hon. member for Joliette-L'Assomption-Montcalm on one point. He pleaded with the farmers to join the U.C.C. This, I think, was shrewd advice on his part, and I earnestly support his suggestion.

In the report of the Stewart commission which was set up by this government—a most creditable move, in my opinion—it was indicated that the U.C.C. and the co-operatives —probably mostly the co-operatives, as they are more particularly concerned with the economy—had helped narrow the spread between production costs and consumer prices, a problem which was investigated by the Stewart commission.

On the subject of price spreads, I should like, Mr. Chairman, to say a few words about that royal commission. I think the government acted very responsibly in setting it up. I shall indicate later what I think of the commission's recommendations and especially of the attitude adopted by the government later on.

When the Prime Minister announced the creation of that commission in the house on December 10, 1957, he said, as shown on page 2123 of *Hansard*:

> The chairman will be Dr. Andrew Stewart of Edmonton, president of the University of Alberta, formerly lecturer in agricultural economics at the University of Manitoba and dean of business affairs at the University of Alberta. The other members of the commission will be Mrs. W. R. Walton Jr., of Toronto, a member of the board of directors of the Canadian Association of Consumers since its inception in 1947; Dr. W. M. Drummond of Bristol, Quebec, and Guelph, Ontario, head of the department of agricultural economics of the Ontario Agricultural College; Mr. Howard MacKichan of Halifax, Mr. Romeo Martin of Montreal, Mr. Bernard Couvrette of Montreal and Mr. Cleve Kidd of Toronto.
>
> The commission is appointed under part I of the Inquiries Act, their powers being to inquire into the extent and the causes of the spread between the prices received by producers of food products of agricultural and fisheries origin and the prices paid by consumers therefor; to determine whether or not such price spreads in general or in particular are fair and reasonable or are excessive, in relation to the services rendered; to make such recommendations as they deem appropriate if any such price spreads are found to be excessive, and to examine the adequacy of price information currently available.
>
> I mention the personnel, sir, to indicate the high standard of those who have undertaken, at personal sacrifice, to discharge the important responsibilities which will fall on them.

The same day, Mr. Chairman, the Prime Minister tabled a copy of the order in Council appointing the commission. It is said, in paragraph (c), setting out the commission's responsibilities:

> (c) to make such recommendations as they deem appropriate if any such price spreads are found to be excessive;

The commission proceeded with the inquiry and submitted a report. It also made some recommendations to the government. In various cases, it had found that prices were perhaps not unreasonable profits, but of a size that was hard to justify.

May I tell of a case which, I think, deserves immediate government attention. It will be found in volume II, entitled:

> Report of the royal commission on price spreads of food products.

On page 101, table No. 16, we see this:

> Rates of return on investment after taxes.

There is a reference here to:

> Three breakfast food firms—

—together with figures showing their average profits for the years 1949 to 1957.

In 1949, those three unidentified breakfast food firms made a net profit—I would point out that this is after taxes—of:

> 26.4 per cent;
> In 1950, 30.5 per cent;
> In 1951, 25.2 per cent;
> In 1952, 29.8 per cent;
> In 1953, 30.5 per cent;
> In 1954, 28.4 per cent;
> In 1955, 30.2 per cent;
> In 1956, 32.3 per cent;
> In 1957, 29.3 per cent.

which, for the given period makes an average net profit after taxes of 29.2 per cent.

After ascertaining certain facts and conditions in this country, the commission made some recommendations. Among others, it recommended the appointment of a permanent board on prices, productivity and incomes.

Mr. Chairman, I am far from being an advocate of unmitigated socialism. I am not for government interference in all fields of human activity, and I am convinced that the system we have in America is still the best in the world.

However, the fact that we do not want out-and-out socialism is no reason why we should remain blind to the weaknesses of our system.

I believe the best way to avoid extremes is to have the intelligence to see our weaknesses and, above all, the courage to apply a remedy.

I have just pointed out to the house a weakness that I think we should try to correct.

It is precisely because of cases such as those that some of our people want the government to interfere in all fields. But I think that the government should take into serious consideration the recommendation of the royal commission on price spreads of food products and establish a permanent board on prices, productivity and incomes.

Even if the permanent board did nothing more than prevent similar abuses, I think we would have made a great step towards avoiding government interference in all spheres of human activity.

The government must take action respecting such shameless abuses.

What is the good of fine speeches, of talk about human freedom, if we lack the courage to correct the few weaknesses in our system.

The C.C.F. party has made a great many suggestions in the field of agriculture. I admit that several of them were most interesting and appropriate; the same can be said of other fields of human endeavour in our country. But, on the whole, the party's platform seems to give the impression that if the C.C.F. got into power, we would be living in an earthly paradise.

What I don't like about them is that they try to give the Canadian public the impression that if they ever occupy the treasury benches, it will mean the end of all the evils that plague mankind.

Mr. Ricard: It will never be.

Mr. Brassard (Lapointe): The C.C.F. platform is marvellous, even fascinating to me, but I believe it has come 2,000 years too late. Had it been made known before the fall of Adam and Eve, it would have been a benefit indeed.

I should like to say a few words now about dairy production, especially in Quebec. My colleagues are aware that Quebec produces more than a third of all the milk consumed in Canada.

Canadian farmers derive nearly 40 per cent of all their income from that industry, and for a great many of them, dairying represents 80 per cent of their total income.

It is therefore an important sector of Canadian agriculture, but particularly in the province I represent here with my other Quebec colleagues.

The situation has become critical, for the simple reason that the market is increasing from day to day, and that we have no support price on milk powder.

Sixty two per cent of the milk powder produced in Canada comes from the province of Quebec.

You will all remember that, in February 1960, milk powder was selling at 12 cents a pound. Today, it is down to 7½ or 8 cents.

Canada produces about 170 million pounds of milk powder a year.

We consume about 120 million pounds, so that we have a surplus of a little over 50 million pounds. Now unless the price is supported, there is unfortunately a strong possibility that this milk powder will sell below production costs.

Farm organizations have submitted briefs and demands to the government on this matter. Some organizations have urged and are still urging the government to buy, if not all the surplus, at least between 35 and 40 million pounds of our milk powder surplus. Those associations have suggested a price of 10 cents a pound. This would have the effect of maintaining prices and stabilizing production to some extent.

There is no doubt that the government could also find markets. It is true, admittedly—I want to be candid about this—that this might cost the government about $2½ million or $2 million, or even $3 million, but this surplus might well be given away to the Colombo plan as assistance to certain countries that need it. I think it would be a highly humane measure which would please the countries obtaining this help, though perhaps it would also cause some of my Quebec colleagues to grumble.

Mr. Chairman, before resuming my seat, I should like to make one more suggestion to the government. At the outset of my remarks I commended the government for setting up the royal commission on price spreads of food products. The commission has submitted its report, and I understand that the experts are studying its recommendations. I hope some positive action will come out of the highly appropriate recommendations made by the Stewart commission—

Mr. Martin (Essex East): A commission set up by the previous government.

Mr. Brassard (Lapointe): Mr. Chairman, I have another suggestion to make to the government. Many farmers in my constituency—

Mr. Johnson: I rise on a point of order, Mr. Chairman, I would ask the member for Essex East (Mr. Martin) to refrain from interrupting the hon. member who has the floor.

Mr. Boulanger: Start by setting the example.

Mr. Brassard (Lapointe): Mr. Chairman, many farmers in my constituency have complained that there is an unaccountable spread between the production costs and sale prices of farm machinery. I was told of some instances, and I would not like to bore my colleagues by repeating them all, but I intend to send the list to the minister. I feel the government should consider the advisability of establishing a commission to investigate this matter and to determine the reasons for that spread between the cost price of farm machinery and their sale price to the farmer.

If the government were to listen to my humble suggestion, one I am making at the recommendation of some farmers in my constituency, I think it would be doing a real service. And I hope the government would then carry out any recommendations that commission might make if it were appointed.

When the minister replies to hon. members, I hope he will tell us whether the government proposes to follow up in the present session one or the other recommendation made by the royal commission on price spreads of food products.

Mr. Chairman, I would not like to conclude my remarks without again asking the Minister of Agriculture to deal somewhat differently than he did during his second speech last Friday, with the arguments advanced by my colleague, the hon. member for Drummond-Arthabaska (Mr. Boulanger).

Like the minister, I myself am not unhandy with irony and sarcasm, but I do not think it is dignified for a minister of the crown to reply in that vein to complaints made by the official critic of the Liberal party in this house. If his had been merely a political speech and had not faithfully pictured the farming situation in Canada, the minister would have been justified in speaking as he did. But as a responsible man—I hope he is—I trust he will at the end of this discussion, or whenever he considers it appropriate to rise, reply in a more complete and dignified manner to the remarks of my colleague, the hon. member for Drummond-Arthabaska.

(Text):

Mr. Rapp: Mr. Chairman, I welcome this opportunity to speak on the agriculture estimates before the committee at the present time. Since I am a member for a constituency in Saskatchewan, namely Humboldt-Melfort, I feel it is my duty to speak on matters pertaining to agriculture. Also, I would like to take this opportunity to say a few words, since I have just returned from a five-day Canada-United States interparliamentary conference which was held in Washington, D.C.

I must say I received some useful and interesting information on agriculture. We met with our counterparts from the United States Senate and House of Representatives, and discussed problems closely concerned with agriculture. We had a considerably detailed discussion on surplus wheat problems confronting both the United States and Canada. As you are probably aware, Mr. Chairman, Canada and the United States together produce about 20 per cent or 25 per cent of the world production of wheat.

In this connection, in our agricultural industry we have problems in Canada and in the United States which we can call common problems, and one of them is the wheat surplus. Wheat production in Canada and the United States in the past two years has exceeded the domestic consumption plus exports. Because of this there has been an accumulation of huge surpluses. Moreover, wheat surpluses are more likely to be of a long term rather than of a short term nature.

An expression used by a United States congressman was very disturbing to me. He said in no uncertain terms that at the end of this year the United States will be faced with a huge surplus of wheat, and they will likely have to adopt a more liberal approach to the disposal of wheat surpluses. Further, he said that by the end of this year the United States will have about a billion or a billion and a half bushels of surplus wheat on their hands. All this pointed up to a stepped up program, a program that has been ruinous in a way to us in Canada in the past. I refer to the give-away program, the Carter deal, and so on.

In this connection I might say that a few years ago the present government made some strong representations to the United States government and asked them not to dispose of their surplus wheat in our commercial markets. To the remarks of the congressman from Florida I expressed some concern, and pointed out to him that although we are not in a position to suggest methods by which they should dispose of their surplus, we hoped they would not do it in our commercial markets. I also emphasized the point that export wheat means much more to Canada than it does to the United States, because 60 per cent of their wheat production is consumed domestically while Canada consumes

only about 25 per cent of her production. Naturally we have to find markets for many more bushels of wheat in our country.

Another comparison can be drawn in this way. Wheat accounts for 20 per cent of cash income from all our farm marketings, while in the United States it accounts for only about 6 per cent. I also brought to the attention of the committee the need for a free world food bank. If we set up such a bank we would be in a position to achieve two purposes; first, to dispose of our wheat surplus and, second, to feed the underdeveloped peoples of the world.

After a two-day session the members of our committee passed a resolution stressing continuous, close consultation in order to avoid damage to other countries' commercial markets. In this connection I should like to say that wheat surpluses in the United States are large but that country, as I have already stated, can resort to give-aways and other methods to dispose of them. We in Canada cannot resort to these methods. The only avenue left to us is to take acreage out of wheat production and thus reduce our surpluses.

There are not many methods by which we can do this. We can put more acreage into edible oilseed production such as soya beans, sunflower seed, rapeseed, and safflower seed. The production of soya beans is restricted by climatic condition and in the western provinces, where most of the wheat is produced, we cannot go into soya bean production.

Mr. Martin (Essex East): We have such production in Essex county.

Mr. Rapp: It is very nice to hear the hon. member say that they have it in Essex county. I will deal with soya beans a little later.

The farmers of my constituency are not only good farmers but they are also pioneers in this new industry, the production of rapeseed. They were the earliest producers of rapeseed on a commercial basis in western Canada, and have done a magnificent job in establishing this western grain. When I see statements in the press and hear statements over radio and television that rapeseed will become a major crop in the future or that it is a new crop to watch or that here is an opportunity for a new crop, then I must say that I sense my responsibility to these western farmers and feel it is my duty to speak in the house on behalf of the rapeseed producers. I am doing this in the full knowledge that this new industry is not getting the attention it deserves.

By this I do not mean to say that we in the west are looking for subsidies, deficiency payments or other financial assistance. Far from it. All we are looking for is an opportunity for the rapeseed growers equal to that enjoyed by other grain producers in the west. I know that hon. members have heard me speak on rapeseed quite often and that I have almost become a laughingstock. Let me tell you, Mr. Chairman, that this is not a laughing matter for the western producers. They are aware that they have to take acreage out of the production of wheat, and the only method the farmers of the three western provinces can resort to is to plant rapeseed.

At the beginning of the industry the freight rate structure was the biggest factor in preventing the industry from developing. Over a period of 10 years freight rates were allowed to go up 125 per cent. The rate on rapeseed went as high as 80 cents per hundredweight, while on other grains coming under the Crowsnest pass agreement the rate remained at only 22 to 23½ cents per hundredweight. This situation almost wiped out the rapeseed industry in 1959, and I have statistics here in that regard. In 1958 production in the three prairie provinces amounted to 626,000 acres, while in 1959 it had dropped to 218,000 acres, a drop to almost one third the acreage. Naturally the freight rate structure was a big factor in this drop, and it has also prevented the expansion of this new industry. The situation is very disturbing because we have just been able to introduce rapeseed oil and have it accepted by the edible oil trade. This was a very important decision. There is no reason in the world why carloads of oil could not be sold to the edible oil trade if the rapeseed growers were given proper attention.

The biggest single factor against the use of this oil in Canada is the fact that Canadian crushers are allowed to crush United States soya beans in Canada and thereby by-pass the 20 per cent tariff now in effect on soybean oil. Take note, Mr. Chairman, that there is a 20 per cent tariff on soybean oil but no tariff at all on imported soya beans. Here is what is happening in the crushing industry. On soybean oil imported for edible use there is a 20 per cent tariff while soybeans are allowed entry duty free. In any other type of manufacturing in Canada a tariff is charged on the imported material that goes into the manufacturing. A rebate on that tariff is made to the manufacturer when he exports his goods, but there is no rebate on that part of his production of manufactured goods that

is used in Canada. In addition, the manufacturer in Canada who exports to the British commonwealth must use 25 per cent of Canadian product in order that he may export to British commonwealth countries.

This is what is happening in Canada. The Canadian crusher purchases all the Canadian soybeans. He does not use any of those beans for crushing into oil for Canadian consumption. He uses those beans to make up the 25 per cent of Canadian material in the oil and meal that he markets in Great Britain and other favoured nation treaty countries. The soybean oil that he sells in Canada is made almost entirely from United States beans which come in free of duty, and the great bulk of the meal sold in Canada also is made from United States beans that enter duty free. In this way he entirely by-passes the 20 per cent tariff on soybean oil.

If our country is anxious to have a crop of rapeseed grown in western Canada we should immediately take action to see that any United States soya beans used to make oil sold in Canada should pay the 20 per cent tariff. If this were done it would mean that the growers of rapeseed, sunflower seed and safflower seed in Canada would be able to market their products at a little better price than they are getting now, but so far as rapeseed is concerned it would not raise the cost of the finished product by 1 cent. It would only bring the price of rapeseed oil up to the present price of soybean oil in eastern Canada, whereas now we have to sell it at a discount of about 2 cents per pound. One pound of rapeseed oil is equivalent to one pound of soybean oil. If this were done we could depend on a very large crop of rapeseed in western Canada with a reasonable price to the farmer, and at the same time take thousands and thousands of acres out of the production of wheat. I am afraid that if nothing is done the price of rapeseed this year will have to go so low that the industry will be practically wiped out.

Cottonseed oil, peanut oil and corn oil all enter Canada duty free, while on the other hand Canadian rapeseed sold in the United States must pay 1 cent per pound import tax. Since repeseed only sells for about 4 cents a pound, a 1 cent a pound import tax means a great deal to the rapeseed producer. Canadian rapeseed meal entering the United States must pay a duty of $6 per ton while United States soybean meal is allowed to enter Canada duty free.

To illustrate my grievance, I should like to point out that margarine production in Canada in 1959 amounted to 152 million pounds. Preliminary reports show that in the production of margarine the following oils and fats were used: Soybean oil, 76.1 million pounds; cottonseed oil, 9 million pounds; cocoanut oil, 5½ million pounds; palm oil, 10½ million pounds; marine oils, whatever they are, 12.8 million pounds; animal fats, 4.7 million pounds, and other vegetable oils, 4.3 million pounds. Dr. B. M. Craig, a national research council scientist at Saskatoon and a very good friend of mine—he comes from my constituency—has made the statement that only one tenth of the margarine made in Canada is made from oilseeds grown in this country. Most margarine is made from these oils which I have just listed and which all come duty free into Canada from the United States.

As you can see, Mr. Chairman, under these adverse tariff and freight rate conditions the rapeseed industry cannot compete successfully against the cheap American soybeans that are brought into Canada duty free. This situation will eventually wipe out the whole rapeseed industry. Indeed that would be a tragedy for our agricultural industry, since rapeseed can play a very important part in our Canadian economy.

The remarkable change with respect to Canada's place in the world's rapeseed market and the important position which rapeseed may have in the years ahead calls for a good deal of attention to be paid to this valuable oilseed crop. Since 1958 rapeseed has been officially designated an edible oil in Canada. This new step opens up interesting possibilities for the use of rapeseed as a major ingredient in margarine and shortening instead of bringing in United States soybeans and oil duty free. Only a partial shift in this respect would require the planting of several thousand acres to supply the domestic market alone. Quite apart from edible use, however, it has been found that the industrial potentialities of rapeseed are very promising, particularly with respect to the blending of certain special lubricating oils and the production of grease. Everyday use of grease containing rapeseed oil has yielded top results. I should like to make here a statement that I read not so long ago in the Saskatoon *Star-Phoenix* in regard to rapeseed grease that is used now on farm and other vehicles:

> The first carload of a new grease using home-grown rapeseed instead of imported castor oil arrived at federated co-operatives Regina branch April 19.
>
> Shipments of the grease are already on the way out to co-operative retail outlets served by FCL . . .
>
> It requires 25 pounds of rapeseed yielding 8-10 pounds of oil to each 100 pounds of grease.

This is indeed a good discovery, and it opens up the use of rapeseed oil in this country. But equally as great possibilities are open for the farmer who produces rapeseed for the export market. The initial development of the rapeseed industry in the prairie provinces in recent years has come largely as a result of the demand of the export market. The largest part of the 1959 crop of rapeseed has been exported to Japan, which is our good customer for agricultural products. Here I should like to give you some statistics from the dominion bureau of statistics. It is stated that our best customer is Italy. Last year we exported to Italy about 100 million pounds of rapeseed oil or rapeseed. The second best customer is Japan, which bought about 81 million pounds of rapeseed; and our third best customer is the Netherlands, which bought 31,620,000 pounds.

During these last three years we lost some good and big customers. For instance, there was Belgium. In 1956 we exported to Belgium about 27 million pounds of rapeseed, and last year only about 1 million pounds. The same thing applies to Switzerland and so on and so forth. However, over the years we increased our export markets from a mere 60 million pounds to 225 million pounds in 1959, indeed a remarkable figure.

Reports that French interests are negotiating for the purchase of a considerable quantity of Canadian rapeseed have heightened Canadian hopes that a somewhat better market might be developed in Europe in the immediate future. A $5 million sale of rapeseed to the French government has been reported in Canadian grain circles. As I say, Canada has emerged from the position of a net importer of rapeseed in 1954 to that of the world's leading exporter, with exports of over 225 million pounds.

Rapeseed could become a major crop in the prairie provinces within the very near future if given the right attention. Oilseed production offers a partial solution to our surplus wheat in the long range view. It is possible that another million acres or one and a half million acres of rapeseed could be produced in the prairie provinces, taking into consideration the domestic consumption and export. This action would mean reducing the wheat surplus by 30 million or 40 million bushels a year, and at the same time it would bring cash money into the pockets of the farmers who go into the production of this edible oilseed. It would also mean a saving of millions of dollars to the Canadian treasury, since there would be much less grain for which storage would be required. In this connection I must say that the statistics show that during the last five years the storage our treasury had to pay amounted to $135 million.

In conclusion I should like to stress again the importance of this crop by means of which it would be possible for our farmers in the west, particularly in Saskatchewan—since Saskatchewan may be called the wheat province of Canada—to take out acreages that would produce wheat and utilize them in producing this edible oilseed.

Mr. Martin (Essex East): In the discussion of these estimates I am sure we regret—certainly we on this side of the house do—the inadequate statement made by the minister when he introduced his estimates, I think some time about March 1. His six minute speech on that occasion could hardly be regarded—

Mr. Harkness: Your leader said it was a 15 minute speech.

Mr. Martin (Essex East): —as the kind of speech that should be made by a minister administering a department in which some $113 millian are proposed for expenditure; and certainly it was not the kind of speech that one would expect from my good friend the genial Minister of Agriculture in respect of an industry that has reached in this country—as it has, I admit, elsewhere—a very critical stage.

The minister ought, at the earliest opportunity, to face frankly the critical situation that confronts farmers from one end of Canada to the other. I am sure the situation in my own county demonstrates the position in this particular, one to be found from one end of Canada to another. There the farmers are concerned not only about importations from the United States, as we have just learned from the hon. member for Melfort (Mr. Rapp); they are concerned about the reduction—for instance, in the case of the tomato growers—of the acreage normally given them by companies such as the Heinz company and others. They are concerned about the closing down of canneries. They are concerned about the inadequate floor prices on some of the commodities under the agricultural prices stabilization act. They are concerned about the failure of the administration to include certain other products under the stabilization act. They are concerned, too, about the indications that the government is bit by bit abandoning or straying away from its original policy of floor prices under the stabilization act and resorting to a system of deficiency payments, as was characterized

by its policy announced some months ago with such disastrous results in the case of hogs and eggs.

In my particular area, if I may be local for a moment, the farmers are also concerned about the price they will receive for Ontario grown wheat. The 1960 support price looks to be about $1.36 per bushel f.o.b. truck. The wheat producers board will want the stabilization board, I think, to increase the support price to a more realistic level, which I suggest should not be less than $1.60; that is at harvest to the producer. Not less than that should be done if the minister is going to be able to live up to the general kind of assurances which were given to the farmers in my area, as in other parts of Canada, by such statements as that of the Prime Minister when he said "We will assure the farmer of his fair share of the national income by maintaining a flexible"—and I underline the word flexible—"price support program to ensure an adequate parity for agricultural producers based on a fair price-cost relationship."

To date the stabilization board price has not been of any real value to the Ontario wheat producers; I doubt that the minister would quarrel with this statement. One of these days the minister will be receiving representatives from the Ontario wheat producers, and I will be surprised if they do not ask for an exemption from the mandatory list of grains covered under the act so far as wheat is concerned. The reason for that is that they feel that 80 per cent of the ten-year average seriously affects their chances of getting a better price on the basis of negotiations with the trade. In any event this is a very important matter to farmers in Ontario, in my section of the country, and I hope this further plea to the minister will bring the action which he failed to take last year.

I hope also the minister will be able to indicate today when we may expect a decision as to the floor price on sugar beets. I would be interested in knowing whether the stabilization board has been able to take into account the losses which have attended the sugar beet growers as a result of the award recently made by the arbitrator under the contract between the sugar beet growers in southwestern Ontario and the sugar company at Chatham. The farmers as a result of that award have lost a considerable source of income, and it would seem to me, as the minister did indicate in reply to a question of mine, that in the fixing of the price this year that loss ought to be taken into account.

I would hope also that the minister and the board would take into account the different interests that prevail as between the various sugar beet producing regions of Canada. The return to the sugar beet grower in western Canada last year may have been satisfactory to the sugar beet grower in western Canada but in that part of the country on whose behalf I speak at this moment, there was and is less satisfaction. Instead of having a general price it ought to be possible to have a price which will take into account the interests and concerns of the various regions. Therefore I hope the minister can tell us something about the government's intentions with regard to sugar beets.

I listened with interest to the speech which has just been delivered by the hon. member for Humboldt-Melfort. Soybeans, of course, are a very important product in my county and in the neighbouring county of Kent, in the province of Ontario. I have before me a brief which was prepared by the Ontario wheat producers' maketing board, the Ontario soya bean growers' marketing board and the Ontario grain corn producers' association. At page 9 of that brief I note the following:

> The federal deficiency payment program is not designed to bring producers a satisfactory return for their product.
>
> The wheat board's establishment of floor prices above the government support price exemplified the possibilities of maintaining satisfactory prices through collective action. Even in a year of surplus production as in 1958, no deficiency payment was necessary.
>
> Soybeans were classified for support price purposes at the request of the soybean board who administered the records and made the distribution of the deficiency payments. Even with the deficiency payment from the federal treasury, growers maintain that price levels are below cost of production plus a fair margin of profit.

The soybean grower in my section of the country is not satisfied with the floor price of soybeans. It was $2.10 a year ago and is $2 now. The principle of averaging the price is such that the declared floor price is not the price which is received by a great many of the farmers. In any event, I can say to the minister that I attended a meeting recently in Tilbury at which farmers from the counties of Kent and Essex were present, and to which all members of parliament of all political parties were invited, where it was declared by this group that they were not satisfied with the price support on soybeans.

The hon. member who has just spoken was right and justified in drawing attention as he did to the importance of soybeans. Soybeans are the major domestic source of edible oils in Canada. The production last year, most of it in southwestern Ontario, totalled 6,649,000 bushels. This was equivalent to the production of about 70 million pounds of edible oil. To make up the deficiency in the

supply of edible oils, last year, to carry further the argument of the hon. member who has just spoken, Canada imported from the United States 10,900,000 bushels of soybeans valued at $23,400,000 and 23,500,000 pounds of refined soybean oil worth $3 million. So anything that could be done to meet the situation confronting the soybean growers I think would be not only in their interests but in the interests of such people as the hon. member for Humboldt-Melfort, thus indicating the national character of some of these problems in agriculture.

I complained a moment ago about the speech of the minister. I said, and I say again now, that it was not the speech of a minister who fully appreciates the gravity of the situation confronting Canadian agriculture. The minister said nothing about the long range programs of which he, the Prime Minister and others spoke during the time they were asking the people of Canada to give them the opportunity to carry on government in this country. The minister said nothing about the reduction in net farm income in this country; he overlooked the point made by the hon. member for Drummond-Arthabaska that there was a decrease of 7 per cent in the net national farm income in Canada. That 7 per cent represents a serious diminution in the income return of the Canadian agricultural community, and I am going to suggest to the minister that the reduction is in fact greater than 7 per cent. I suggest to him that a careful analysis of the revised figures will show that it is over 10 per cent.

Mr. Harkness: I wonder if the hon. member would allow a question. Has the hon. member taken into account the fact that in 1958 the net income of farmers was up by 20 per cent; that the 7 per cent reduction from 1958 is a 7 per cent reduction on an extremely high rise, and that the net income in 1959 is still more than 12 per cent higher than it was in 1957 when the hon. gentleman was a distinguished member of the government of that day?

Mr. Martin (Essex East): The minister did not ask me a question; he made a speech, and I welcome that, because I think a good discussion is very valuable. I take it you will note, Mr. Speaker, that the minister made a speech and that his remarks will not interfere with the time allotted to me.

All I can say to the minister is this. This statement of his is not new. The fact is that there has been a serious loss of income suffered by Canadian farmers notwithstanding the assurance given by the minister last year, and I say that instead of the actual drop being 7 per cent, careful analysis of the figures will show that it is over 10 per cent. This is not at all consistent with the assurance given by the Prime Minister on April 25, 1957 or the assurance given by the Minister of Agriculture to the farmers of Canada that they would share more equitably in the national income as a result of the price support program which the present government was going to bring in to ensure adequate parity for agricultural producers. That is the point, and I do not think I need resort to many proofs to indicate that what I am saying is felt by farmers generally throughout Canada.

We have the speech on agriculture made by the Prime Minister on March 4, in which he outlined the general principles guiding government policy since he took office. The right hon. gentleman made six points, and he went on to say to the farmers of the west that they would not get the deficiency payments they were asking for but that the government was concerned about doing something satisfactory for western agriculture.

The Minister of Agriculture himself spoke differently. A report appeared in the Winnipeg *Free Press* of March 18, 1960, as follows:

> Hon. Douglas Harkness, federal agriculture minister, said Thursday he won't present any alternative to the proposed deficiency payment program on wheat, oats, and barley which was turned down by the federal cabinet.
>
> He says he expects to be asked for an alternative, but he will tell farmers the matter is one for the entire cabinet, and it hasn't been decided yet.

Of course it is a matter for the whole cabinet. The minister says he expects to be asked for an alternative. Surely the government does not need to wait to be asked. It is the responsibility of this government to provide solutions for these situations. The farmers of Canada have put forward suggestions; they have made repeated representations to this government. They wanted to meet the Prime Minister and his government over the Easter recess to discuss some of these alternative plans.

When is this government going to meet the farmers, who are dissatisfied over the lack of action by the government on the request for deficiency payments on the three grains? When is this government going to indicate its willingness to sit down with the farmers to discuss this question? Is the government to have a meeting with these western representatives next week, the week after, or when? Is the government going to give satisfaction with an acreage assistance plan? Or is the situation this, that the government is merely waiting for the farmers themselves

to present alternatives? It is no wonder that the *Union Farmer* in its issue of April, 1960 said:

> What the Prime Minister failed to mention was that no measures had been taken to actually increase farm net income by increasing the cash returns for the products farmers sell.
>
> If Canadian farmers are to get "their fair share of the national income" as they were promised by Mr. Diefenbaker before and since he took office, it will have to be done in the same manner industry has been and is being assisted by subsidized prices.
>
> Unless this is done, and done soon, the family farm will disappear, and Canadian farmers will end up as hired men in an industrialized agriculture operated by big business which will then pressure government into giving it protected prices.

The Prime Minister, in the speech to which I have already referred, went on to say:

> With reference to the other matters to which I had intended to direct my attention, I will do so at the very first opportunity which comes to me during discussion of the estimates of the Department of Agriculture.

We all understand why the Prime Minister cannot do that at the present time; he is preoccupied with affairs outside the country. The fact is that we are not being given, either by the head of the government or by the minister responsible, any indication as to what the government intends to do with regard to the representations made by the western farmers in the face of the government's decision not to accede to the proposal for deficiency payments.

Then we have the Minister of Northern Affairs and National Resources, who interests himself in these matters. He was giving an indication to the farmers that if they put forward an agreed assistance plan it might receive the favourable attention of the government.

An hon. Member: One o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Martin (Essex East): Mr. Chairman, I was speaking before the adjournment of the Minister of Northern Affairs and National Resources who took advantage during Easter week to contact western farmers and to explain government policy with regard to the problems that face agriculture in western Canada. The minister suggested that farmers are not kept informed by their leaders and he sought by the use of that argument to give the impression that what the government had attempted to do for the farmers had not been fully appreciated or understood.

[Mr. Martin (Essex East).]

All sorts of comments have been made about the arguments and statements made by the minister on that occasion. The *Western Producer* of April 14 perhaps is a sample of the reaction. The *Western Producer* points out:

> What seems to escape the minister is this: all the farmer has to do is examine his financial position and compare it with that of a few years ago. He finds that position has greatly deteriorated. He didn't need the dominion bureau of statistics to tell him that his net income shrunk another 7 per cent in 1959.

The editorial goes on to point out that the matter to which the minister should have addressed himself was a statement made in Moose Jaw in March of 1958 by the Prime Minister whose words are quoted in this editorial. The Prime Minister said:

> You can rely on this—sympathetic consideration will be given by a Conservative government to the question of western wheat, oats and barley to the end that the returns of the farmer will bear a fair relationship to the costs of production.

That is what the western farmer and farmers generally in Canada are concerned about. That is why they were so disappointed with the government's position on deficiency payments and that is why they are dissatisfied at the failure of the government to present an alternative policy. Until that is done and until the government does give some leadership it does not warrant the confidence which it seeks, and certainly it has brought on itself the displeasure which the farmers of western Canada generally are showing toward the agricultural policies of this government.

On April 13, 1960 the Minister of Agriculture in making an announcement with regard to dairy product prices, as reported at page 3183 of *Hansard*, said:

> The government has authorized the agricultural stabilization board to continue the present levels of price support for the dairy industry for the period May 1, 1960 to April 30, 1961.

In this declaration greeted with great applause in this house by hon. members sitting behind the minister the minister intentionally or otherwise misled the house because the support price announced on butter will be different from what it was last year.

In proof of my statement I wish to examine the facts in the situation. These have already been touched on in part by the hon. member for Drummond-Arthabaska who has rendered great service in pointing out the weakness and the lack of complete coverage of the minister's statement. With regard to first grade butter, that is scores 94, 93 and 92, last year 1959-60 the price was 64 cents. With regard to first grade butter, scores 94 and 93, for this year 1960-61 the price announced is 64 cents. With regard to score

92, the price is 63 cents. The percentage of first grade butter, scores 94 and 93, represents 30 per cent of the 324 million pounds produced in Canada. Seventy per cent, that is score 92, at one cent less or 63 cents represents $2.5 million that farmers will not receive during the coming year as compared with the previous year.

The minister was in error in saying as he did that the government had decided to continue the present levels of price support for the dairy industry for the period May 1, 1960 to April 30, 1961. This fact has been noted by farm organizations and by farm newspaper editors throughout the country. I do not know why the minister allowed himself to make what I at least characterize as an error. The floor price given last year was not given this year. The minister, I think, owes the committee a careful explanation because of the misinformation which arises out of the initial statement made by him when he made this declaration of policy on April 13.

The problem confronting agriculture is apparent to every hon. member of this committee whether he lives in constituencies which are completely devoted to agriculture or whether he represents only a percentage of farmers in our respective constituencies. I represent here a large group of farmers in my own constituency but we are all members of this committee. We represent everyone in Canada and it must be apparent that agriculture at the present time is in a critical state. No statistical evidence on the part of the minister or anyone else is going to fail to reveal the fact that the farmer's income this year has not held up to levels which the minister anticipated and the situation day by day, month by month, grows worse.

Is the government addressing itself to this problem? Is it not simply going from one palliative to another without courageously facing the issue it said it would resolve if given an opportunity? Hon. gentlemen are now sitting on the ministerial benches. They gave assurances to the Canadian farmers and to the Canadian people as to what they would do. Instead of facing up to this, they now give evidence of a reluctance to meet farm organizations. There can be no excuse for not meeting the farmers with regard to the alternative proposal arising out of the government's failure to accede to the demand for efficiency payments.

The government must give us an assurance now that it does not propose any longer to run away from the principle and the concepts of the Agricultural Prices Support Act to which it dedicated itself, its intentions and policies when it took over the government of this country. We have had a repudiation of that policy by the government's attitude with regard to hogs and eggs. I now ask the minister, are we to see a further withdrawal by the government of its support of the principle involved in the Agricultural Prices Support Act? Are we to wait until this parliament will have prorogued only to learn after we have gone to our constituencies that other agricultural commodities are not to receive the advantage of the offer to purchase principle based on the Agricultural Prices Support Act? Is the government now awaiting for an auspicious moment to indicate that it does not now have faith in the agricultural prices stabilization legislation which it brought in several years ago? There is concern all over this country on the part of farm groups that that is so, and the minister should give a clear indication today as to his intentions in that regard. He should also tell the committee without any equivocation whether the government has an alternative policy to meet the problems arising out of wheat, oats and barley, as suggested by the western farmers.

If the government proposes to do nothing, then it should say so. If the government believes that the policy of assistance per acre is the best arrangement, why does it not say so? Why should the farmers of this country be expected to give leadership when a government is in office that promised to give leadership?

I have before me an article by Ralph Hedlin in the *Union Farmer*, entitled "More Policy—Less PR and Politics". This article says that the government has with great efficiency looked after its public relations, but that public relations are no substitute for good policy. Then, it says:

> A farmer on the land is not a bit interested in political jockeyings.

I think that is the case. I continue:

> He is interested in a decent standard of living and, in the meantime, the essential minimum of income that will let him get by. If the government cannot implement the deficiency payment proposal, then let's get on with something that they can implement.

Surely that is a reasonable statement, a reasonable commentary and I ask the government to do that very thing.

The Chairman: I am sorry to interrupt the hon. member, but his time has expired.

Mr. Smallwood: May I ask the hon. member a question? He has my sympathy when he is speaking on agriculture and I did not want to interrupt him; but at one stage of his speech he mentioned something about the farmers in his particular area receiving $1.36 for their wheat today. Does he realize

that the farmers of western Canada are receiving possibly $1.23 today? If the hon. member requests this government to consider paying his farmers $1.60 a bushel, is he really sincere in this because if he is it is no wonder that there are no Liberal members west of the great lakes?

Mr. Martin (Essex East): My hon. friend wants to know whether I am sincere and I certainly am. The two situations are not comparable at all. The hon. member is now saying that the price received by one group of farmers in one section of the country must necessarily govern situations that are not comparable in other parts of the country. For instance, the sugar beet farmers of western Canada received a better price for their product than the sugar beet farmers of central Canada; but that in itself is not necessarily an indication that the other position is wrong.

Mr. Smallwood: I am speaking about wheat.

Mr. Martin (Essex East): My hon. friend is speaking about wheat. He is asking me whether I am sincere. I say to him that when the Ontario wheat producers come to see the minister in the month of May I will be greatly surprised if, in the light of their problem of negotiation with the trade, they do not ask for something along the lines of what I have suggested. The hon. member must recognize this; the plight of the farmer is serious not only in western Canada but in other parts of Canada, and that is why we have supported western Canada—

Mr. Smallwood: Answer my question.

Mr. Martin (Essex East): —those of us who live in eastern Canada. I would expect the hon. gentleman to rise in his place and support the eastern farmer as well. His problems—

Mr. Smallwood: The hon. member has not answered my question.

Mr. Martin (Essex East): My hon. friend has asked me to answer his question. I have answered his question but he does not like the reply—

Mr. Smallwood: The hon. member has not answered it.

Mr. Martin (Essex East): —any more, I am sure, than will the Minister of Agriculture.

Mr. Smallwood: Will he answer my question? Why should the eastern farmer receive 40 cents a bushel more than the western farmer?

Mr. Martin (Essex East): I have answered your question.

[Mr. Smallwood.]

Mr. Danforth: I have listened with a great deal of interest to the last statement of the hon. member for Essex East who, as we all know, is a gentleman farmer. I wish to assure you, Mr. Chairman, that I have followed his career with a great deal of interest for a great many years. I am certainly satisfied that he is and always will be a gentleman but as one who has all his life been engaged in the agricultural industry I have very great doubts that he will ever be a farmer.

Mr. Martin (Essex East): A champion of of the farmer.

Mr. Danforth: I have listened to his remarks today, and they painted a very general picture when they touched on the sore point of agriculture. Certainly, he represents that fine county of Essex where I was born.

I do appreciate the problems of agriculture and the seriousness of the situation with respect to certain commodities that he outlined. I should like to help him in one respect. However, I should like to point out —and I am sure he would wish me to do this—that he overlooked in his discourse today the problem of the burley tobacco growers. This is a crop which is very important in his county and one which faces not only lower prices in 1960 but the problem that the marketing board and the tobacco growers are advocating absolutely no production of burley tobacco whatsoever.

Mr. Martin (Essex East): I will admit that that is so.

Mr. Danforth: There is no doubt in anyone's mind that the agricultural industry today faces a very real crisis, and we have heard in the house many representations to the effect that in the past 20 years the agricultural industry has been facing a revolution.

First of all, I should like to deal with the basic changes that this revolution is bringing about; second, I should like to deal with what farmers are doing in the face of those changing conditions; and, third, I should like to recommend what we as a governing body and the government of Canada might attempt to do to aid this serious problem.

Perhaps, for a little background, I might say that after world war II, a time when the major agricultural commodities were operating under ceiling prices, it soon became apparent that there would be scarcities all over the world in all types of manufactured and primary produce. It was evident that all over the world there would be a terrific demand for goods and services, including all agricultural products, and the future

looked very bright indeed. But it soon became very apparent to those of us engaged in agriculture that there were other factors at work over which the industry had very little control that would soon place the industry in an almost untenable position.

One of the major factors that caused this change was labour. This is not to be taken in any way as censure of labour or labourers but merely as pointing out what has actually happened. With the terrific demand that developed for consumer goods, naturally there was a great upsurge in industrial expansion to meet this demand, and since we did have a great industrial expansion in this country it soon became apparent that there would be a terrific demand for workers. Since the demand was so great it naturally caused wage rates to rise to a phenomenal degree, and it soon became quite evident to the agricultural industry that it would not be in any position to compete with other industries for its proper share of the labour which is so necessary in the economic production of agricultural products. Since there was this terrific competition and the agricultural industry had to pay more for wages, the cost of production of all agricultural products increased to such a degree that we soon became very much concerned about our ability to compete successfully in world markets.

Agriculture was hurt by labour and the high cost of labour in another way. Increased labour costs resulted in an increase in the cost of all the goods and services that the farmer must use in his business. Since both these factors had the direct result of increasing the cost of farm production, the farmer's costs did rise at a phenomenal rate.

There was one factor too that became apparent so far as labour was concerned. Labour soon became very selective in its desire for work. We in the riding of Kent find ourselves today in the peculiar position of being one region in Canada where, although there are thousands of people registered as unemployed in the country, we are unable to procure the necessary labour today for successful economic farm production. This situation was pointed up very seriously because at one period last summer, when there were literally hundreds registered as unemployed in the constituency of Kent (Ont.) it was absolutely impossible for a farmer to procure any of these registered unemployed regardless of the wage scale. When these workers were solicited to go out to the farms they never even put in an appearance, let alone make any inquiry as to the wages prevailing at that time. I should like to point out, Mr. Chairman, that at this time the farmers in my district were paying wages running from $18 to $25 per day.

The consumers themselves have added to the problems of the agricultural industry because of their increasing demands with respect to the packaging, preparation, grading and freezing of farm commodities. Because we are primary producers, naturally all these extra costs follow the pipe line back so that for the most part they are tacked on to the cost of production of the farmer. By no means do we criticize consumers for their desire for quality and service. The fast pace of life today makes prepackaged goods almost a necessity for the housewife rather than a luxury.

These trends have had a direct result. They have placed farmers in the so-called cost-price squeeze. The farmer pays more for what he buys, receives less for what he sells and is faced with an ever-narrowing margin of profit. May I illustrate my point, Mr. Chairman? The selling price of soya beans has dropped since the war from a high of $3.85 to $4.25 a bushel down to the prevailing price today of $1.85 per bushel. That is the market price. Hon. members will understand that the government makes a deficiency payment to bring the price up to $2 a bushel. During this same period the cost of farm machinery necessary for the production of this crop has in the main doubled or even more, and the cost of farm labour has increased to a greater extent. This causes serious repercussions in the industry.

In my particular area we have a potentiality of almost twice the present production of soya beans. We have a potentiality of twice the production of sugar beets that we are growing at the present time. We could grow more canning crops. All these crops have a high dollar return per acre and with the economy under which we are working in our area, since we lie between industrial centres, we need this higher return per acre in order to operate successfully.

I am sure all hon. members are aware of the small margin of profit available to the farmer today. No one will dispute that as being a fact. That has been the basic reasoning behind all attempts to render financial assistance to this great industry. That is why we have increased the amount of farm loans, why the farm stabilization act was implemented, why we have price supports and the subsidization of prices.

I should like to deal for a moment with the remarks of the hon. member for Essex East about the stabilization act and his advocated price for soya beans. I should like to refer to the meeting at Tilbury which the

hon. member attended. As reported in the Chatham *News*, the hon. member is alleged to have stated:

> The higher price of $2.40 was certainly not unfair especially when the commodity is produced on a small scale.

Mr. Martin (Essex East): Did the hon. member say $2.40?

Mr. Danforth: Yes.

Mr. Martin (Essex East): My hon. friend knows that cannot be right because the price is $2 now and was $2.10 last year.

Mr. Danforth: I wish to assure the hon. member that in this quotation—

Mr. Martin (Essex East): The hon. member is referring to the proposed price?

Mr. Danforth: Yes.

Mr. Martin (Essex East): Oh, I am sorry.

Mr. Danforth: The hon. member supported the request for a price of $2.40 a bushel for soya beans.

Mr. Martin (Essex East): That is right.

Mr. Danforth: Although something like this seems on the face of it to be very justified and it is certainly not my intention to suggest to the farmers that they should take anything less for their commodity, may I point out that just across the border in the United States there is a surplus of over 60 million bushels of soya beans and the floor price there is $1.85. A stabilized price such as has been suggested by the hon. member would therefore cost the government 50 to 55 cents per bushel to subsidize this one industry alone, and I am sure that the taxpayers of this country would take a long look at such action on the part of the government. I point out, Mr. Chairman, that the farmers are not interested in a price of $2.40 or $2 or $2.80. What the farmers are interested in is their margin of profit between their costs and their selling price.

What is to be done and what can we do in these circumstances? I should like to point out that the farmers themselves are taking gigantic steps to meet the situation as it now exists. I resent it vehemently when any hon. member in this house or anywhere else portrays the farm industry as being down on its knees asking for a handout from government. I present the assertion that no industry in this world has been beset through history by so many major and continuing problems and has so successfully and valiantly fought back through the centuries.

What are the farmers doing? We have in this country today—and I am very thankful for it—in our agricultural schools, government departments and experimental farms agricultural technicians who are providing second to none in the world today new varieties, new techniques, new fertilizers, new sprays and new farm machinery and have supplied a service to our industry without parallel in the history of this world. This is not by any means a political bouquet. It is on my part a sincere statement of fact.

Progressive farmers, taking advantage of these services and by the use of new mechanization and specialization, have changed their method of farming from growing six, eight or ten different agricultural products. They have changed their farming to one or two major endeavours and by the use of technical assistance and new machinery and by the time allowed for study and concentration have been able to produce today in Canada, in quantity and quality and at low cost, units to such a degree as would have been thought impossible even three years ago.

I have been on a farm where today I have seen two brothers feed 2,500 head of cattle in 20 minutes, something that would have been thought absolutely impossible ten years ago. I have been on farms where the milking parlours in which cattle have been milked are larger and contain more cattle than did the entire herd of these producers ten years ago. I have seen hogs produced by thousands on farm units. I do not mean commercial establishments; I mean farm units, units farm-owned, farm-operated and farm-managed. I have seen farmers joined together in co-operatives work in harmony in an endeavour by quantity purchases and quantity sales to widen the margin of profit. I have seen them join together in order to approach government and selling agencies with a few voices instead of the many which in too many instances confuse the issues of the day.

The farmer is trying. He is employing every bit of available agricultural and business science to cut his costs, increase his efficiency and make possible a living like that of his fellow man. This is what the farmer is doing. What can we do as a government?

There is no doubt in anyone's mind that the assistance given by this government has been enormous. I was greatly interested to hear the hon. member for Essex East speak about the sugar beet industry, a major portion of which is in my riding and about how bad he felt that the arbitrated prices were less this year than last year. I am certain we have no quarrel in that respect. However, it was our government which placed a floor price of $13 a ton under the sugar beet industry and made possible the retention of this industry of Canada which was in the throes of bankruptcy. I should like to point out to the hon. member that it was the

minister of agriculture of his party who, in visiting the sugar beet industry at that time, is alleged to have said that if they could not grow sugar beets at a profit, they should grow something else.

I think we must approach this agricultural problem on a much larger scale, with a much larger endeavour on the part of hon. members and government departments. Men who are engaged in agriculture are no longer satisfied with subsidies or with floor prices. The latter are at best a medicine to get this industry over a present ailment. They are not a feature that will get down to the basic facts troubling this great industry.

There are two things we can do. We can emphasize the experimental work being done to utilize farm products and to find a greater field of use for these products. We were fortunate enough to hear the hon. member for Humboldt-Melfort discussing rapeseed this morning and speaking of the oil from this great grain crop being used as a lubricant. This is, in my opinion, one way in which we can expand here at home and abroad the use of our farm products, namely by concentrating on the development of new uses in this ever-changing world.

The other is the extension of world markets. I am sure we all agree that the selling of all products of Canada comes under the Department of Trade and Commerce. However, I should like to deal with what we in agriculture can do to help. The extension or world markets would take away the glut that has constantly hurt us in every aspect of agriculture. This is the old story: take a larger part of world markets. However, I should like to point out that possibly we are not doing it in the right way.

I have reason to believe that we have an opportunity of seizing on more world markets. I refer to the shining example of one man from my constituency making one trip to one country at one time and obtaining, mostly through his own efforts, the sale of nearly $1 million worth of farm products which are now in the process of being shipped out of this country from our constituency and from constituencies across Canada. I should like to point out that we have in our particular riding men in this day going across into the territory of the great neighbour to the south and selling to that country, which has the greatest surplus on earth, farm products, making a sale of farm products to that country. When we can do this, is shows that these markets are there. I think it is time that we developed salesmen in this country with the ability to sell farm products.

Mr. Martin (Essex East): Is that Mr. Warwick?

An hon. Member: Yes.

Mr. Danforth: What does it mean to sell farm products? We have a reputation for developing farm products second to none, such as wheat, dairy products, meat, sugar, white beans, and livestock. Anything you care to name in the way of agricultural products, we not only produce it but we produce it in high quality. We have in this country thousands of men who have a natural aptitude for salesmanship but who perhaps are not familiar with the aspects of our quality produce. I should like to point out that no longer is it the time perhaps to expect the men in our trade commissions and in our embassies overseas to recognize and to be able to sell successfully quality products of such a nature as those developed on farms today. These men, I point out, should be trained by our Department of Agriculture for this specific task alone and should be paid according to their abilities. If we want good salesmen let us pay good prices. Then with good training we can put them in various countries and then begin to move this great glut which we have today.

It is not impossible to sell in a market that is already crowded. I would like to point out that right in the United States, the greatest producer of automobiles today, it was possible for salesmen in Europe to come into the United States market in 1959 and sell 600,000 automobiles shipped in from Europe. That is the type of salesmanship that I wish to talk about today. This salesmanship is absolutely necessary and I am confident that we will have to come to it eventually.

In my riding today we have a burley tobacco that has been grown every year until this year. And what has happened? Due to lack of sales the growers association is recommending to the farmers that no burley tobacco be grown in their 1960 crop, resulting in the loss of millions of dollars to the farmers in my area. The sale of five, ten or fifteen million pounds of this commodity would have made all the difference in the world. Burley tobacco is not to be confused with flue-cured or cigarette tobacco. It is a heavier quality tobacco grown out of heavier soil and the curing and harvesting methods are far different. The tobacco I speak of is used principally in blends, in pipe tobacco and chewing tobacco.

We have the same thing in the sugar beet industry. Because of world conditions today and lack of sales, in the sugar beet industry in my area contracts are less than half of what they were in 1959. This is a deplorable situation but something we have to face. I

have every confidence that if we as a government seek to train men to sell a quality product such as we produce we can find the markets and surely the price would be far less than what the taxpayers of this country are being subjected to because of the countless subsidies and assistance given to the farming industry today.

Mr. Chairman, all too often our sales overseas go through the embassies of the United States and Great Britain. This is a necessity today because of world conditions. But is it preposterous to suggest that contracts which require agricultural produce should pass, not through the embassies of these two great countries but come direct to Canada.

We are an independent country. The world recognizes us for our diplomatic relations and the way we honour our obligations. Is it not time that we began to get a world reputation as traders, and would this not solve our basic problems? This will not be easy and we will meet with many failures. Perhaps today we have not the money to go out and do this on a world wide scale, but may I humbly suggest that if we are unable to do this, then let us take one particular section of the world, let us take one particular commodity of which we have too much, let us take and train men to go out into this district and let us see what we can do.

If we cannot sell there must be a reason. If we are too high in price, maybe we need some form of banking set-up to provide credit to those people who need it. If our quality is not up to that required by these other countries, we should know this because we have the men who can supply the necessary knowledge to provide the necessary quality. If we need different varieties we should find this out. It is only by digging into this problem in a major way that we can ever learn what is necessary for this great industry.

I think the time has come for us to start to plan and to use and develop agriculture as a major industry and a major business. It is time we started to employ business principles in this great industry to restore it to its rightful place among the Canadian industries of today.

(Translation):

Mr. Walker: Another farmer.

(Text):

Mr. Cardin: Mr. Chairman, I had not intended to participate in this debate, but my remarks will not be prolonged. However, I do come from a rural riding and I am aware that there are problems in our agricultural communities but although promises have been made that these problems would be solved they have not as yet been solved and the farmers are still waiting for the legislation which will be the cure-all of all these problems.

There is one aspect that I would like to bring to the attention of the Minister of Agriculture, and it is a paragraph to be found in a statement made by the Minister of Agriculture on April 13, 1960 having to do with dairy products. In my riding we have a considerable amount of dairy farming, and the paragraph in question reads as follows:

> In addition, 25 cents per 100 pounds will continue to be paid for whole milk delivered for manufacturing purposes, exclusive of milk from producers who sell a portion of their milk in the fluid bottled milk market.

One would get the impression from reading this particular paragraph that if a farmer produced milk, a quantity of which was to be sold for the manufacture of either butter or cheese in addition to selling milk in the fluid bottled milk market, he would receive the 25 cents on the milk that was sent for manufacturing purposes but would not receive it for the bottled milk. But apparently in practice that is not the case. If a farmer sells one bottle of milk and the rest of his product is sent for manufacturing purposes, not only does he not receive 25 cents for that particular bottle of milk but he does not receive the 25 cents for the balance of the milk sent for manufacturing purposes.

Mr. Chairman, there are two points I would like to make here. First of all, I feel that the statement as made by the minister on April 13 is certainly open to confusion, because the way I read this particular statement, one gets the impression that 25 cents will be paid for all milk that is sent to the manufacturer for making into cheese and butter.

Mr. Harkness: If you read it carefully I think not.

Mr. Cardin: You can read it any way you like but you still get the impression that you do not get the 25 cents for bottled milk, but if you have milk which is sent for manufacturing purposes you will get the 25 cents.

As a matter of fact I have had a considerable number of complaints from farmers in my riding who have had to pay back the amount they received in subventions just because they happened to sell one or two bottles of milk to neighbours on either side. I think that is rather unfortunate, because this particular statement does lead to confusion. I also think it is very unjust that if one farmer or several farmers, as happens to be the case in my riding, should sell a very limited amount of milk in the bottled

milk market, then they are not allowed to have the subvention for the greater portion of their milk production. I certainly hope this matter will be cleared up by the minister.

First of all, I suggest the particular paragraph I have in mind should be rewritten so as to clarify the position once and for all. What is far more important still is that payments should be made to farmers in respect of all the milk that is sent for manufacturing purposes without discrimination against any who happen to sell bottled milk. It is my sincere hope that the minister will allow such farmers to benefit from this subvention. I am sure the purpose of this provision was to benefit the farmers, but by reason of this particular regulation any benefit which they may have been intended to receive from this legislation is being completely nullified.

Mr. Nasserden: In rising to speak at the beginning of the agriculture estimates, I think back to the estimates of 1958 and 1959. All of us who sit on the government benches can share some satisfaction in that regard. Any pride we take in the results of the accumulated actions arising out of these estimates should nevertheless be measured with a certain humility. Agriculture and those engaged in agriculture have been neglected during the greater part of this century, and the decline of the industry has been most noticeable and significant in the nation's mind during the past 14 or 15 years.

This situation has been one of the products of our ambition to become a great industrial nation. The neglect of the needs of agriculture and the lack of consideration given our agricultural resources, including the people engaged in that industry, in the years following world war I made the depression of the thirties much more severe for all Canadians. With the passage of the years of world war II Canadians began to talk of a new order that would emerge after the cease of that conflict. No one was more eloquent on that theme than the late Right Hon. William Lyon Mackenzie King. He made the memorable statement that if that new order was not well on the way before the cessation of hostilities we might well look for it in vain. His foresight in that regard mirrored the attitude and future of Liberalism in Canada. You can see where they are today.

The elections of 1949, 1953, 1957 and 1958 gave Canadians a good chance to assess the policies of all parties. The overwhelming results of the 1958 campaign were a tribute to the leadership of the present Prime Minister. But they were much more than that. In the hearts and minds of the Canadian people they were an endorsation of a national policy for Canada. After all, during the war Canadians were prepared to make sacrifices. In the years immediately following Canadians, of necessity, saw the future of this nation drift at the whim of political expediency which saw narrow regional considerations dominate the decisions in our parliament. National policy as such was a stranger in the Canadian parliament.

Today I wish to look at these estimates, and the agricultural industry, and match them to the pressing needs of the Canadian nation. There are several ways of dealing with these estimates. It would appear from reading *Hansard* and the news and editorial pages of our influential newspapers that the yardstick generally used is cost to the treasury; cost to the taxpayer. There have been a few men who have used a different yardstick, a yardstick considerate of the needs of Canadians in other walks of life. If one follows their search to strengthen Canada's national policy he is compelled to acknowledge that for many years Canadians have neglected to utilize the agricultural economy in such a way as to strengthen and build the general economy of Canada along sound and balanced lines. This can be amply illustrated by a comparison of the population in agriculture, the measure of agricultural production and the share of the national wealth that those engaged in it receive. As long as Canadians allow this situation to continue our national economy will be subject to serious and severe problems in so far as attaining strong industrial communities and stable and improved employment patterns is concerned.

I know there is a widespread view that great nations are industrial nations. I believe most of us will agree that Canada has a great industrial potential. I think most of our people will agree that we have not reached that potential. Indeed, it could be estimated that it will take nearly a quarter of a century, perhaps longer, to realize our ambitions in that regard. The question that must be answered soon is what will happen in the meantime. There is no doubt this immediate period will have a tremendous effect on the lives of all Canadians for years to come.

Last fall I travelled in Ontario, in the province of Quebec, in New Brunswick, in Nova Scotia, in Manitoba and in Saskatchewan. Everywhere I went I found farm people asking the same questions. Everywhere I went I found conditions in rural areas very similar. I was shocked by the lack of attention and encouragement that the agricultural industry has suffered over a long period of years in these areas of Canada. I have reason to believe the same situation has prevailed in other parts of Canada as well. I can tell you, sir, and the members of this committee, that I was impressed with the area of application

where the new Farm Credit Corporation could well serve both a social and an economic purpose. The new crop insurance legislation is still to be demonstrated, but here again I saw a need of this legislation in all these provinces.

However, the measure of legislation that can be a most effective instrument to bolster the Canadian economy and eliminate some of its inequities is, of course, the farm stabilization act. If we read the act and its preamble, we see it was designed to stabilize farm income and ensure farm security. Nevertheless, it would seem to me that it has a much greater service to perform. It could very well be a cornerstone—one which has been overlooked too often in the past—upon which this nation can embrace some of those national economic problems which have remained with us for the greater part of this century. To read the farm stabilization act is to think in terms of a balanced agricultural economy. It brings to mind such terms as support prices, deficiency payments and other payments. I think it is fair to say that there has been some measure of disagreement as to the use to which each one of these can be best applied.

There appears to be a great deal of confusion in this regard. That has been so from the time this legislation was first mentioned as possible legislation. Farmers and farm organizations are expressing a confusion of opinion. Then there have been those who have urged the government to try this, that and anything—indeed to try nothing—and it seems to have been their hope that by some process of trial and error or even by default we might find a method that would prove reliable.

These considerations are inconsiderate of the immediate position of farm people and if followed for any period of time will throw the entire stabilization act and program into disrepute. That would be a calamity for the agricultural industry and for the Canadian nation.

It is my opinion that deficiency payments should be more properly called incentive payments and should be used only as an instrument to promote production. They should seldom be used in connection with a commodity in a surplus position unless this commodity commands a ready export market. These incentive payments used judiciously could have a far-reaching effect on the agricultural industry, on farm income and on Canada's trade and dollar balances. For those commodities in surplus position, support prices appear very desirable.

Farm organizations and farmers alike are on record that these support prices should be set at non-incentive levels. The beauty of support prices is that they tend to uphold the entire price structure of a commodity and this is an important consideration in building a healthy agricultural community. It is equally important as an aid in balancing the Canadian economy. Flat payments which more properly might be called deficiency payments can be useful in levelling out those segments of the agricultural economy that cannot be reached successfully with incentive payments or support prices.

Net cost of the operations of the stabilization act for the year ending March 31, 1959 was $15,124,100 for all commodities. The net cost of all support price operations since 1946 has been only $100,073,260.26. The publicity and emphasis given the cost of the program for the period ending March 31, 1959 are to be wondered at. I remember the words of the hon. member for Drummond-Arthabaska which were disturbing to farmers and farm organizations. One was almost led to believe that it was unreasonable to expend this amount to support agricultural stability and security. Fifteen millions of dollars is less than one dollar per capita to ensure the food supplies of this nation. Looking at this amount in relation to the serious problems facing labour and industry I am inclined to believe that these national problems cannot and will not yield to better days until Canadians are prepared to invest three or four or even seven or eight times the $15 millions paid out under the stabilization act for the year ending March 31, 1959.

Yet there are those who still maintain the ideal situation would be an agricultural industry without these artificial aids. I will not labour you with a recital of the artificial props that have become so much a part of the entire economic and industrial structure of this country. Rather I would say, add to the estimates I have outlined the amounts that could be reasonably justified for the producers of grain in western Canada, who incidentally are producing a product that can be successfully merchandised in world markets, and it might bring the increased estimates to an amount that could be considered a decisive factor in meeting the needs of labour and industry. There are those who have a peanut mentality and they would no doubt still ask for greater action but I see some who have dissenting frowns.

I ask you, sir, to consider that other problem which has been receiving considerable discussion during the present session. Someone has estimated that it will cost the federal treasury millions through payments out of the unemployment insurance benefits fund. Surely this nation would be better served

by expending an amount to create a demand for goods and services needed in agricultural communities; a demand that would be shared right down the line through the local small businessman, the wholesaler, the distributor, the manufacturer, and all the way from the farmer on the remotest homestead right back to the industrial employees of the St. Lawrence river basin.

During wartime this nation found it expedient to put every shoulder to the wheel. Surely in peacetime we could be even more productive of the needs of Canadians for employment and the fruits of employment. This cannot and will not be done by allowing as important a segment of the Canadian population as those in agriculture to suffer only a fractional opportunity to meet their neighbours' needs in the industrial and labour fields of this nation.

The farm stabilization act can be a most effective instrument in the Canadian economy. Since 1946 legislation on the books has been used to make returns so disastrous as to chase enough people out of production of any commodity that may be reaching surplus proportions. Balance is thus swung to the other extreme, at the end of a trail strewn with the wrecked and shattered hopes of farm people. It is my belief that there is a better alternative. The use of incentive payments on commodities for which there is a demand and market will change production patterns without such disastrous and ruinous dislocation of individual farm enterprise. Moreover, it is of a more orderly nature and of value not only to the farmer but also to those who handle, warehouse, distribute and merchandise farm products. It can also be argued that incentive payments serve to reward those who are willing to risk investment where it can be used to strengthen and build the Canadian economy.

Then there is that most intriguing matter of defining or deciding just what constitutes surplus in so far as any given commodity is concerned. In the grain business with which I have lived all my life it is considered that Canada needs a carryover of anywhere from 300 to 450 millions of bushels of wheat to service our annual domestic and export markets. It is of course easier to carry grain than perishable products. Last year we had a good example in the dry skim milk market. At one time we were approaching panic. Not too much later our surplus supplies had been absorbed. When you consider that it required only about $8 million to protect the stability of the entire Canadian dairy industry for the greater part of the production in the board's hands from the years 1957-58 and 1958-59, it would be difficult indeed to say that we had any real or dangerous surplus of dairy products.

Another classic example is eggs. Those who were the most enthusiastic advocates of a program to discourage production must, I think, admit that by the time the new deficiency payment program was to start the market had absorbed all, or almost all of those supplies which had been considered surplus.

The prospect of fluctuating egg prices is not one that Canadian consumers would appreciate. These illustrations serve as evidence that the problems of surpluses, while considerable, are not nearly as great as some well informed people try to make out. The associated problems are intriguing and will no doubt be with us for many years. From time to time circumstances may not work out as well as they have so far, and the federal treasury may be called upon to finance sizeable surpluses of some commodities. This will be the exception to the rule if proper use were made of incentive payments and provided that floor prices were set at non-incentive levels. Of course, such a program would require the use of flat or deficiency payments, where required.

If Canada is to become the great industrial nation that her resources justify; if Canadians are to enjoy secure employment in the period leading to that objective, the reality of that objective can be enhanced and hastened by the acceptance of the role of agriculture and the farm stabilization legislation in particular as one of the protective valves in this intervening period that can cushion the needs of labour and industry, both of whom are suffering growing pains that in the years gone by were never cured by dismissing the possibilities that are in the application of sound national policies, recognizing the continued and increasing interdependence and prosperity of both labour and industry with that of agricultural people.

A little over two years ago, when this party came to power, it inherited a legacy of problems which had been shirked by the former administration. That was one of the reasons for the change of government. In almost every field of activity that affects farm people that administration ran headlong and recklessly to the destiny that is theirs today. They allowed freight rates to climb by 120 per cent without any active concern for the national railway problem which is of the utmost importance to people on the prairies and in the maritimes and to others in every part of Canada in every

industry, including agriculture. They allowed the freight rate problem, and that of general transportation, to mushroom into a monster, without any active concern as to its effect on the economy of this nation. The people of Canada are watching the present survey which has been authorized and are hoping that as a result of those deliberations, and above the confusion and chaos of the past many years, a national transportation policy may now evolve.

Those who produce grain in western Canada are vitally interested in this question, as are all who depend upon grain production for their livelihood. They expect the government of Canada to respect those long standing agreements which were instrumental in the building of settlements in western Canada and, incidentally, providing this nation with an item of major export significance. Wheat is one of the few commodities that has enjoyed the confidence of the export market over the years.

The economic prospects for Canada in the coming year have been encouraging. In every report that I have read no one has ventured to expect that agriculture will share fully in those economic expectations that have been forecast. Indeed, it can be shown with the use of statistics that farm costs have continued to rise in the face of declining farm income. It is true that there are fewer farmers than there were, but even this fact cannot camouflage the situation in which farm people find themselves, a situation which is calling for greatly increased capital outlay to compete successfully.

The Farm Credit Corporation will prove of benefit to many in this respect; but there are many who cannot qualify. They already have an investment at the present time. They have the experience in their chosen line, and are of an age where change of occupation is not easy, even if they were provided with training for new jobs. They find themselves embarrassed for lack of purchasing power for the very things that can be produced by Canadians in other walks of life who have been laid off their jobs for want of a market. This inequity of income under which the people in agriculture are suffering is an old story in Canada. It has always been the forerunner of rough weather for the rest of the economy.

The government is still comparatively young as governments are known. I should like to think that this government will distinguish itself in the years ahead as one which was ready to blaze new trails of security for all our people in every part of Canada.

In the short period that I have had an opportunity to share with the rest of you this closer look at our national economy I have become prouder than ever to claim the name and occupation of farmer. It would seem to me that this industry, one of the most basic in this nation, stands ready, as it always has, with a contribution to the future of this nation worthy of much more consideration than it has received throughout the long period of years. I ask you all to take a closer look at what the people in agriculture have been able to accomplish despite the obstacles that have hampered their progress. I ask you all to consider what they could do for Canada if given a better opportunity.

[Mr. Nasserden.]

Mr. Rogers: Mr. Chairman, first of all I should like to commend the Minister of Agriculture on his fortitude and his ability to withstand the pressure within and without. After all, this is a pretty tough time for any minister to handle agriculture. I should also like to thank him for the concessions that he has given and the understanding that we will get a few more.

The constituency that I represent is for the most part a progressive, mixed farming district. Supplemented as it is with the oil and forestry industries our problems are not as pronounced as many others. However, I would certainly be remiss in my duty if I did not point out that in common with many other parts of western Canada 1959 was probably one of the poorest years in our history.

While approximately 80 per cent of the crop was threshed last fall, threshing was completed under abnormal and expensive conditions and the grain, as hon. members know, was mostly tough and damp. Further the balance of the crop, which came through the winter much better than expected, has deteriorated considerably. Moreover, quite a section was badly damaged by hail. So in general the agricultural industry is not in too healthy a position.

A certain section of our farmers who are well established in mixed farming, who are engaged in dairying and the cattle industry, are doing comparatively well while on the other hand there are a number of other farmers who are not firmly established and as a consequence are experiencing a very difficult time. The main problem in agriculture, as I see it, stems from the surpluses of grain and the farmers' inability to find markets for wheat. I believe implicitly in the ability of the farmer to compete with the world if he has the market. He therefore finds himself in a very difficult position, right in the middle

of the price squeeze. In my humble opinion, Canadians as a whole must accept this situation.

I do not believe for one moment that we can subsidize farm products for export. On the other hand, I believe we must subsidize the products we consume at home. It is not reasonable to expect the farmer to produce products for our domestic use for less than production costs and a fair profit. This is not an easy problem, and most will agree that support prices tend to bring other problems. Be that as it may, I contend that the producer is entitled to a fair price for products consumed in Canada, and I would hope that the matter will eventually be resolved.

As is to be expected, I have had a number of submissions from local farm unions in support of acreage payments. I would therefore urge upon the government, at least until a fixed plan is adopted, that the acreage payment be reinstated. I think it can be said in all honesty after a brief examination of the numerous measures taken by the government to assist agriculture that the government has done a lot. The measures I speak of have been recorded on numerous occasions so it is not my intention at this time to go over them again. For my purposes I should like to discuss the Farm Credit Act.

In brief, this is a two-pronged affair, encompassing as it does (a) the replacement of the Canadian Farm Loan Act and, (b) part III, legislation for young farmers. With reference to (a), the Canadian Farm Loan Act, as hon. members know the ceiling was raised from $15,000 to $20,000 with amortization at 5 per cent interest over 30 years. This continues to serve a need for farmers who have a 50 per cent or better equity in their farms and who wish to convert or extend their operations. In passing, I would indicate that the one main criticism which prevails would be corrected and that the new management will see that a realistic approach is taken to land values as they exist today.

With regard to (b) or part III of the Farm Credit Act, this provides for loans up to $27,500 spread over 30 years at 5 per cent interest to farmers between the ages of 21 and 45. This is commonly known as the package deal and will in my opinion reach down to the source of a common problem. In other words, it will provide the funds to set up an efficient family farm unit and will permit the adjustment of production to favourable market trends.

Its success and impact on the agricultural industry will, of course, depend on its administration. Let me say that we are particularly fortunate to have Brigadier Rutherford as chairman of the corporation. Brigadier Rutherford is well known and has to a large degree been responsible for the publicly acknowledged success with respect to the rehabilitation of veterans on farms. Accordingly, with the integration of the farm credit legislation and the V.L.A. staff there will be 200 trained, experienced and dedicated resident advisers who are well employed throughout the agricultural areas of the country. I think it is most significant to observe that the corporation will provide a pre-counselling service as well as a post-supervisory service.

Both these services are paramount to the success of this forward and far-reaching legislation. To begin with, let us look at the pre-counselling service. What does this mean? It can, of course, mean much or little. For the moment let us visualize a credit adviser, with the aforementioned qualifications, calling on an applicant to assess his whole proposition, that is, the ability of the applicant as a farmer, his family, the production capacity of the farm and the stock and equipment. On the completion of this assessment I can imagine the credit adviser sitting down at the kitchen table with the farmer, his wife and family and as one of a team bringing out the factors for and against the proposition. In the first instance, if the proposition shows the potential for success the matter is comparatively simple. The credit adviser can in a diplomatic manner interject some new ideas into the farmer's plan of operations and recommend the loan. When the loan is approved, he will naturally follow up with the supervisory service required.

The big and most important factor is pre-counselling service where the proposition does not support a loan and, in some instances, it will even be found that the applicant and his wife will have to be told, in as kindly a manner as possible, to get into some other form of livelihood commensurate with their ability. I am sure that the credit adviser will be able to do this on the farm in a manner that will cause very little pain to all concerned.

The question is this: Do we stop there and leave the applicant and his family to their own resources? I must emphasize that this is not good enough. I would on the other hand, contemplate that this counselling service would be continued and if not by the credit adviser by someone else with the time to do so, one who is well versed in welfare work and with direct connections with industry. Yes, above all, it must be someone who is interested in citizenship to the extent that through his counselling and help the applicant and his family will be given a new start in life.

I have been discussing the production side of agriculture, a policy directed to the task of assisting a section of this industry in reorganizing itself into sound economical family farm units so that advantage may be taken of every technological and production line method which will reduce production costs and permit adjustment of production to fit more favourable market trends; and I would hope to follow up at a later date on the marketing side of this question.

In conclusion, I submit that we must as a government and as Canadians maintain our agriculture industry in as healthy a position as possible. Apart from the fact that we must eat, there is no better place to build character than on the farm. A child born on the farm starts out with something to do and he does it. As a consequence, he is self-reliant and is brought up more or less to stand on his own feet. Fortunately for our general economy, they do not all stay on the farm.

Mr. Harkness: I should like to reply briefly to some of the speeches and remarks which have been made here today on the agriculture estimates. The hon. member for Lapointe and the hon. member for Essex East both complained that I did not make a longer speech in introducing these estimates. It came as an agreeable surprise to me to learn that the members of the opposition are so anxious to listen to my voice at length. I should like to point out to them, however, that on January 25, in the throne speech debate, I made a full length speech here in connection with agriculture and general agricultural policy. Again on February 23, which I would point out was just about ten days before the introduction of the agriculture estimates, I made another full length speech in reply to hon. members in the opposition who had introduced to the supply motion an amendment dealing with agriculture. In that connection I dealt with general agricultural policy and general agricultural questions. In view of these two long speeches already along this line, and as I am not one who likes to see endless and useless repetition, I did not think it was desirable to make another long speech of a general nature on agriculture at the time the estimates were introduced.

The hon. member for Lapointe came back to the point which members of the opposition have been so fond of quoting ever since the dominion bureau of statistics figures came out, namely that the net income of farmers dropped 7 per cent in 1959. As I have pointed out on several occasions, what they completely lose sight of is the fact that the net income of farmers in 1958 was up 20 per cent over that of 1957. Hence, when they say that the net income of farmers in 1959 dropped 7 per cent, what they are in effect saying is that the net income of farmers in 1959 is still up over 12 per cent above the net income of farmers in 1957.

There is no doubt that the net income dropped by that amount, in spite of the fact that the gross income was up almost as high as it was in 1958 and was the third highest on record in Canadian history. However, I think we must keep some sense of proportion in regard to this matter. As I say, the members of the opposition should keep in mind the fact that farmers in Canada had a smaller drop in net income by very much than did the farmers across the line in the United States and farmers in most other parts of the world and that we in Canada managed to keep up prices and to keep up farm income to a greater extent than was done in most other parts of the world during a period in which agricultural products of all kinds have been in surplus supply and when prices were going down.

The hon. member for Lapointe went on to say that the minister should have said what long range program we have to improve the position of agriculture. Our long range program has been put before this house by myself, by the Prime Minister and by various other members time after time and I think it is well known to the hon. members of the house. I know it is well known to the farming population of this country. Certainly I do not think it is justifiable for me as minister or for other members to keep on repeating the same thing over and over again.

The hon. member went on to say that there was a serious situation in the dairy industry. I do not know of any serious situation in the dairy industry. Actually the dairy industry has been one of the better off industries as far as agriculture is concerned. The prices of dairy products in Canada are the highest in the world and they are highest by a very considerable degree as compared with those in most of the other dairying countries. The support price for butter in this country, for example, is 64 cents. In the United States it is 57 cents. On the London market at the present time butter is selling for 38 cents a pound. Just those two figures give some measure of the amount of support that Canadian dairy farmers are receiving and of the very high degree of success which the government has had in maintaining the price of dairy products. As I say, we have managed to maintain them at the highest levels of any country in the world and at levels about double the prices that prevail in most of the

other dairying countries. That is the serious situation as far as the dairy industry is concerned.

The hon. member for Lapointe went on to say that we should have a support price for dry skim milk and that the lack of this support was a very damaging thing to the dairy industry. I should like to point out to him that a good deal of the trouble which the dairy industry has been experiencing in the last two or three years arose out of the fact that the previous government—the Liberal government—put into effect a completely unrealistic high price for dry skim milk of 17 cents a pound just prior to the 1957 election for purely political purposes. As a result of that price they encouraged a great expansion in the dry skim milk making facilities in this country and a great expansion in dry skim milk manufacture, and thus created the difficulties as far as dry skim milk is concerned and many of the attendant difficulties as far as the whole dairy industry is concerned. In order to restore the dairy industry to health it has been necessary to get rid of this support price on dry skim milk. We have done that by reducing the price gradually and then finally eliminating it some six months ago.

The hon. member went on to talk about the price spreads commission or the Stewart commission which he said—I think aided a bit by the hon. member for Essex East—was established under a Liberal government. The previous Liberal government had absolutely nothing to do with this price spreads commission, of course. I do not think they even thought of such a thing. That a price spreads commission or inquiry would be set up and carried on was one of the election promises which we made and which we promptly carried out after getting into office.

Mr. Martin (Essex East): What are you going to do about it? That is the question.

Mr. Harkness: We are going to take the appropriate action that has been recommended by the commission.

Mr. Martin (Essex East): Are you going to follow the recommendations of the commission?

Mr. Harkness: As far as possible, yes.

The hon. member for Humboldt-Melfort made a very good speech on rapeseed production. This matter of diversification of crops in western Canada is an extremely important one. I should like to compliment him on his speech and on the interest he has taken in this problem. I should like to point out also that over the past two and a half years I have been making efforts to increase the use of rapeseed in various ways in Canada, particularly with regard to its use in the manufacture of margarine. I managed to persuade one of the margarine manufacturing companies in this country to set up a pilot plant in order to work out procedures and so on for the use of rapeseed in the making of margarine. I trust that in the years ahead a great deal more of the content of margarine manufactured in this country will be from rapeseed oil.

As far as the tariffs on soybeans and the other sources of edible oils are concerned, I was a little surprised to find the hon. member for Essex East apparently supporting the position taken by the hon. member for Humboldt-Melfort. I say this because he is one, together with some of the other hon. members along the Liberal front bench who belonged to the previous Liberal government, who should be answering that question, because the previous Liberal government contracted on behalf of Canada not to put any tariffs on soybeans and these other edible oils and bound Canada under the GATT agreements not to do so. Therefore we are in the position that we cannot put any tariffs on these soybeans coming in from the United States and on other edible oils coming into this country unless we give some corresponding advantage to the country concerned.

Mr. Martin (Essex East): All I was asking for was a satisfactory floor price.

Mr. Harkness: The hon. member for Essex East indicated he supported—

Mr. Martin (Essex East): I want a satisfactory floor price and so do my farmers.

Mr. Harkness: The hon. member evidently would like us to put on a very high support price and encourage more United States beans to come into this country as a result of that.

Mr. Martin (Essex East): I did not say that.

Mr. Harkness: That is apparently what he wants. That is the situation as far as soybeans are concerned. I think Canada made a very bad bargain under the previous Liberal government as far as soybeans and other edible oils are concerned in that at the time they entered into the GATT agreements they did not ensure that there were tariffs on such products. But they did not do that and as a result we are bound at the present time, and in order to put a tariff on them we have to give some corresponding tariff advantage to the country concerned.

The hon. member for Essex East, as usual in his speeches in this house during this session, attempted to paint a general picture

of gloom. If one could take all that the hon. member for Essex East says seriously he would be practically crying. We would all need crying towels in this chamber.

Mr. Martin (Essex East): That is the situation with regard to agriculture; it is critical.

Mr. Harkness: As far as the hon. member is concerned, that is the situation with everything. The picture is as gloomy as it could be with everything; there is nothing right with anything.

Mr. Martin (Essex East): Under this government.

Mr. Harkness: So he admits it. In other words, his whole complaint is that he is no longer in a government, and I can understand that. If the present government were to offer the member for Essex East a place in the government overnight, his attitude would change completely and he would think that everything done by the government was just wonderful.

Mr. Martin (Essex East): I assure you I would never go into a Conservative government.

Mr. Harkness: Of course, we are talking about complete improbabilities and impossibilities here, but the hon. member recognizes, I think, that his gloom is purely political and is used for political purposes.

Mr. Martin (Essex East): I would not agree with that. My sorrow is very genuine.

Mr. Harkness: I know the hon. member's sorrow is genuine that he is not still a member of a government.

Mr. Martin (Essex East): That is true.

Mr. Harkness: The hon. member for Essex East said that the stabilization act has been of no benefit to Ontario wheat growers. This last year the price of Ontario wheat has been well above the support price because there was a short crop last year. That was because there was a great deal of winter killing and as a result of the short crop the price has been good. But the year before last this act was of very considerable benefit to the producers. It put them in the position where they could bargain with the buyers, and the powers that we extended to them under the Agricultural Products Co-operative Marketing Act enabled them to export at a subsidized price a certain amount of wheat to overseas markets and thus enabled the general price for Ontario winter wheat to be kept up to a reasonable level.

The hon. member for Essex East asked about an announcement concerning the sugar beet support program. The representatives of the sugar beet growers have been down here this week, as a matter of fact, holding meetings with the stabilization board. The stabilization board has reported to me that the representatives of the growers went away quite happy as a result of these meetings. The discussion concerned particularly technical details as to how the support price was going to be applied in the three regions where it is applicable, and so forth, and I expect the stabilization board will in the very near future be making a recommendation to the government in regard to the level of support and the way in which they recommend it should be applied.

I might also say that, contrary to the hon. member's statement, the sugar beet growers last year were I think very well satisfied with the deficiency payments which they received from the government, and I have received quite a number of letters of appreciation and thanks from them on account of this payment.

The hon. member went on to say that my statement in regard to the dairy price support for the current year which I made on April 13 had misled the house and that butter scoring 40-93 represents only a small percentage of the butter produced; as a result, in some way the country had been misled.

I think there is no validity to this statement whatever. I stated quite definitely, as reported on page 3183 of *Hansard* for April 13 last, that:

> The price support for butter during the dairy year May 1, 1960 to April 30, 1961 will be 64 cents per pound for Canada first grade creamery butter scoring 40-93, basis delivery Montreal, with appropriate price differentials for other grades and qualities.

The hon. member seems to take it for granted that we are paying 64 cents a pound for butter delivered to us which scores 40-93, and a lesser price, which I said yesterday, I think, was 63 cents a pound, for butter scoring 39-92, and therefore that means we have reduced the price of butter, and so forth. I should like to point out, to begin with, that we only buy about one quarter of the butter produced in Canada and we sell most of that back again to the trade during the winter months. The great bulk of the butter produced in Canada goes directly into the trade. It does not trade at these prices but at varying prices at different times of the year. If hon. members look at the papers they will see it varies up and down from day to day. What these support prices do is to provide a floor at which we are prepared to buy the surplus packed in wooden boxes and so forth.

The actual situation is that the price of butter fat and the price of butter varies, as I say, up and down. It does not vary very much; it varies depending on the season of the year. I have the figures here for different seasons of the year and I can give as an example, churning cream. The prices paid to producers by plants in terms of cents per pound of butter fat varies, we find, from 65 cents in January at Edmonton to 63 cents, and it kept between those figures in Edmonton right through the year, varying between 63 and 65 cents. Then when we come to Winnipeg it varied from 60 to 66 cents. It varied between those two points throughout the year. I have the figures here for three years.

In London, Ontario, you have the same sort of thing. Hon. members will find that in London, Ontario the figure ranged from 65 cents to 68 cents throughout the year. In Three Rivers it varied from 67 cents to 72 cents at different times throughout the year. In other words, these are not absolutely fixed prices at which all the butter fat and churning cream sells. These are the prices at which we take over the surplus by purchase for resale from time to time later, which constitutes, in recent years, approximately one quarter, or a little less, of the production.

I might say further that the introduction of this distinction between 40-93 and 39-92 butter is something which many of the better dairymen have been asking for many years. This is the same kind of system as is in effect with regard to many other commodities; in other words, the customer pays a higher price for the better quality, and a lower price for a poorer quality. It puts the support of butter on a much sounder, more logical and more reasonable basis than has ever been the case before.

The hon. member for Kent (Ont.) spoke of the difficulty of securing farm labour. I think this is a difficult and increasing problem as far as farmers are concerned. It is one of the great anomalies in the so-called unemployment situation that such situations should arise. I know—because I was down in the hon. member's part of the country—that last year some of the sugar beets were not got up, despite the fact that in the city of Windsor in the constituency of the hon. member for Essex East there were thousands of unemployed. Nevertheless, the farmers could not get anyone to take up these beets.

Mr. Martin (Essex East): I hope the minister is not suggesting that our workers are not prepared to work.

Mr. Harkness: I am suggesting there is something seriously wrong with the unemployment figures when a situation of that kind prevails, and a similar situation exists as far as agricultural work is concerned in all the areas of this country. You have farmers desperately trying to hire workers to take up their crops while at the same time there are cities not very far away which allegedly have thousands on the unemployment rolls. It is just not a situation that makes sense or which I can accept as being a true indication of what the unemployment situation is in this country.

The hon. member for Kent (Ont.) also spoke about the sales of agricultural products which have recently been made to Rumania and which were initiated and carried through to a considerable extent by Mr. Ernest Warwick of Blenheim, Ontario. I should like again publicly to express my thanks to Mr. Warwick for the extremely good work he did in this regard. I agree with the hon. member for Kent (Ont.) that we have to use improved methods as far as the sale of a number of farm products is concerned, because there is no doubt that most of them are in a surplus position throughout a large part of the world. These particular sales indicate that a certain amount of progress can be made along these lines if the right people are working on the problem.

Mr. Martin (Essex East): That is the very question. The right people are not.

Mr. Harkness: We have a lot of the right people and I expect we shall have more of them. Under the hon. gentleman's government, of course, no sales at all were made along these lines.

The hon. member for Richelieu-Vercheres spoke of the 25 cents per 100 pounds subsidy on milk for manufacturing purposes. He said confusion exists over this. There has never been any confusion whatever over this policy which was put into effect a little over a year ago. It has always been absolutely clear. It was discussed on its introduction and it has been discussed since on numerous occasions with all the national dairy organizations, and all those concerned with dairying are familiar with the situation. They know what it is. There is no confusion with regard to this matter whatever, and there should not have been any confusion as far as my statement is concerned.

Speaking on April 13—and I quote again from page 3183 of *Hansard*—I said:

> —twenty five cents per 100 pounds will continue to be paid for whole milk delivered for manufacturing purposes—

Then, later on, you will note this, Mr. Chairman:

> —exclusive of milk from producers who sell a portion of their milk in the fluid, bottled milk market.

I think that is as plain as English can make it. Anybody who sells a portion of his milk in the bottled, fluid market is not entitled to the 25 cents. That has been made absolutely clear, and there should have been no confusion at any time in connection with it.

The reason for that provision is, of course, that by and large the people who sell their milk in the fluid milk market—to the bottled trade—receive much higher prices than those who sell milk for manufacturing purposes. The idea of paying this 25 cents subsidy to those who sell milk for manufacturing purposes is in order to bring about to some extent an equality of price levels and to help to equalize the returns to the dairy farmer who sells to a cheese or butter factory.

The hon. member for Rosthern spoke about support prices. He suggested that support prices should be set at non-incentive levels. All I could say about that is that any attempt to fix a support price at a non-incentive level results in a price which is unacceptable to any farmer; no one is satisfied with it and, furthermore, it does not give any support. In order to have a support price which is effective, it is bound, by the very nature of things, to be an incentive price as far as a considerable number of producers are concerned and, particularly, as far as large integrated operations are concerned. If you set support prices and maintain support for a commodity by means of purchases at a price which is satisfactory to even a small proportion of bona fide farmers you will have provided in many cases—and I am thinking particularly of the poultry industry and the hog industry—a support price which is an incentive to large commercial integrated operations.

That is the very reason why this type of support price by means of purchase is not a practical means and not the best means of support as far as many commodities are concerned. The experience in the United States, particularly as far as wheat, cotton, corn and some other products are concerned, is a good example of the difficulties encountered if you attempt to maintain support by means of purchase. In the case of some commodities you can, but the method is not practical in the case of a large number of commodities; it is just not a practical or possible means of giving support to the bona fide farmer.

Mr. Martin (Essex East): Might I ask just one question? Does that mean there is no intention to have a floor price on corn?

Mr. Harkness: It does not mean anything of the kind. Corn has not entered into this discussion so far at all.

[Mr. Harkness.]

Mr. Martin (Essex East): The minister just mentioned corn in the United States.

Mr. Harkness: Yes, in the United States. But so far we have had no support prices for corn in Canada, as the hon. member knows. If we did have a support price for corn in Canada I am quite sure we would have to make it on a deficiency payment method of support the same as for soya beans.

The hon. member for Red Deer made a very useful and interesting speech particularly on farm credit, for which I would like to thank him. I know that he has been very intimately associated in the past with the granting of farm credit and his views on this subject are, I think, very valuable to the committee. I believe with him that through the Farm Credit Act it will be possible to greatly improve general agricultural conditions in Canada.

(Translation):

Mr. Boulanger: Mr. Chairman, I would like to take up certain statements made by the Minister of Agriculture (Mr. Harkness), with regard to the price of farm products, and more particularly dairy products, especially when he maintained that prices paid for dairy products in Canada were the highest in the world.

I do not wish to contradict the minister on that, but I must point out to him that the price of farm products means nothing if it is not established in proportion to production costs. When we speak of the sale price of some farm product, we naturally have to know how much it costs, and the minister made no reference to the production cost index.

I mentioned this in my remarks the other day, and I also said that production costs had gone up 16.9 points in the past year. If we compare the price of butter three or four years ago, and even six or seven years ago, and today, we will find that, at 64 cents a pound, the price of that produce today is not higher than when it was 58 cents three years ago. On the contrary, if we apply the same reasoning I just mentioned, butter should sell at 68 cents, in comparison to the 58 cents paid for it three years ago.

The hon. member for Joliette-l'Assomption-Montcalm (Mr. Pigeon) made some comparisons and asked questions about the price of butter. The minister told us what butter prices were in Edmonton, Winnipeg, London, and Three Rivers. For instance, he stated that in Edmonton, it was selling at 63 to 65 cents; in Three Rivers, 67 to 72 cents; and, if I understood him rightly, this was for the current year.

I have here an excerpt from the *Gazette* for May 3, that is, after the price change for

farm products was announced, and more particularly for butter. On the Montreal market, the price has fallen since the week of May 3. In the last weeks of March, butter was selling in Montreal at 64 to 66 cents a pound, whereas prices published in the *Gazette* for May 3 mentioned 63 cents and 65½ cents. Therefore butter prices are down by 1 to 1½ cents since the change in price of farm products was announced. Yet the minister claims that this change has no effect on farm prices.

That is what I wanted to point out for the information of members of the committee and of the Minister of Agriculture, because he does not seem to believe that this change in the price of butter will affect farmers' income, since the government will surely buy the surplus production.

However, I have already stated, as did the hon. member for Essex East (Mr. Martin), that 70 per cent of butter production was graded 92. I fail to see how the minister can say that the prices of farm products will not be affected, when a reaction is already apparent on the Montreal market. And I do not doubt that the same thing will occur on other markets.

I should also like to say a few words about the price support policy on butter. The department now requires a producer to secure a registration certificate. That is a new method recently adopted by the department. Now, I am informed by some manufacturers that at the present time about one third of the farmers have not obtained their registration permit, which forces the manufacturer to pay an extra 25 cents per 100 pounds of butter delivered to him, because he does not want to lose his customers.

I am also informed that refunds are being made to the Department of Agriculture, and that these refunds are turned down because the formula is not filled in as the department would like it to be. I must point that if manufacturers are prepared to do this work free, it seems to me the department should consider this attitude on the part of manufacturers, and show better understanding when recommendations are made.

I am also informed that there are farmers today who have two or even three registration certificates. This is due to delay on the part, perhaps of manufacturers or of the department in providing permits to producers, which caused producers to file their request with the manufacturer of their choice, so that, finally, they were getting two permits.

What I am afraid of is that those permits might be transferred to other farmers, as happened in the case of hog breeders. In fact, questions were put on the orders of the day pointing out that some farmers often had two or three permits in their possession, in order to take advantage of deficiency payments on hogs. I am afraid that this will happen again with regard to dairy products.

The Minister of Agriculture also mentioned the 25 cents per hundredweight of milk delivered to manufacturers, who transformed it into butter, cheese and milk powder.

The minister claims that such a policy will not affect the farmers' income. Yet very many farmers in the province of Quebec are not in a position to sell all the fluid milk they produce.

They can sell one fifth of their production and the rest must be delivered to the butter, cheese and milk powder manufacturers. Therefore, the farmer cannot collect the subsidy of 25 cents per hundredweight.

Some farmers are losing $500 to $800 a year that way, and the average farmer is the one who takes the brunt of what I would describe as a segregationist policy.

Refusal of the 25 cents subsidy per hundredweight on milk delivered to a manufacture is contrary to the request made by the U.C.C., the Canadian Federation of Agriculture and the farmers. The things requested are logical and, if granted, would do away with misrepresentation by some producers and avoid trouble to the department.

The minister has announced his policy. I do not think he will change his mind because each time we have made suggestions, he has not seen fit to give them favourable consideration.

Those are the few remarks I wanted to make after the speech of the Minister of Agriculture who, once again, disguises the truth by saying that the farmers' income for 1959 or 1960 will not be affected by his price policy on dairy products.

I would like to add a few words in reply to the member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), who stated that, in the province of Quebec, there is a law against the sale of margarine. I will read a few lines from that act.

A section of that act does indeed prohibit the sale of margarine in the province of Quebec. We know, however, that some is being sold. The hon. member for Joliette-L'Assomption-Montcalm himself said in his remarks, that as much margarine as butter is being sold in the province of Quebec.

Section 6 reads as follows:

In the case of infringement of a provision of this act or of a regulation made thereunder, any dairy product substitute which was the object of such infringement must be seized, with or without a warrant, as well as the container thereof and any vehicle used for its transportation, and the confiscation thereof shall be ordered by the court for the profit of the crown.

The penalty for such an infraction is set at $2. Section 5 reads as follows:

Whosoever infringes any provision of this act or of a regulation made thereunder shall be liable, if the offence relates to the possession, for other purposes than for sale, of a dairy product substitute, to a fine of not less than two dollars nor more than twenty dollars and costs, for the first offence, and to a fine of not less than five dollars nor more than twenty five dollars and costs, for each subsequent offence.

Oddly enough, however, the second paragraph of section 7 reads as follows:

Prosecutions for infringement of this act may be instituted by the crown or by any person previously authorized for such purpose by the Minister of Agriculture; in the latter case, the prosecutors shall be entitled to one half of the fine collected.

Mr. Chairman, this shows clearly that, in the province of Quebec there is an act prohibiting the sale of margarine or butter substitutes. But to prosecute people who sell margarine, permission must first be obtained from the minister of agriculture of the province of Quebec.

It is also known that in Quebec, a butter substitute called "spread" is sold by wholesalers, and inquiry shows that margarine sales in the province of Quebec are controlled by members of the Union Nationale government.

That is, Mr. Chairman, what I wanted to say to the hon. member for Joliette-l'Assomption-Montcalm. If there is an act to this effect in the province of Quebec, it should be applied and the sale of butter substitutes should be prevented.

Mr. Martel: An unfounded charge.

(Text):

Mr. Martin (Essex East): Is the minister not going to reply to some of the questions put to him, particularly as to the government's intention of an alternative program, such as acreage assistance? There is a story in today's paper—I am now looking for it—which indicates that the government intends to make an announcement very soon along those lines. If that is the case, can the minister not give us some indication today? If it is not the case, surely we are entitled, on the discussion of the agricultural estimates, to know if the government has any alternative to the proposals made by western farmers over a year ago. It surely is not consistent with good government for the government continually to delay, now over a year, its answer to this request that concerns, not only farmers in all parts of western Canada but every member from western Canada who sits behind the government in this house.

Mr. Harkness: Mr. Chairman, I think all I can say to the hon. member is that he should not believe everything he reads in the papers. He should have learned that by this time.

Mr. Martin (Essex East): I find the press pretty reliable.

Mr. Harkness: Certainly, what he has read in the paper I do not know anything about. What I would say on this question is that suggestions were made to the effect—I think it has appeared in a considerable number of papers—that the western farm organizations were asked to put in writing any alternative to deficiency payments which they wished to discuss with the Prime Minister and the cabinet, and we would then be very glad to have them come down and discuss the matter with us. Up to date they have not yet put in any alternative.

Mr. Martin (Essex East): Does the minister think it is up to the farmers of this country to provide the solutions themselves? I do not know whether they feel the assistance plan is the way by which this problem could be solved. But is it not up to the government itself, in the face of an admitted situation, to provide some plan? It seems to me it is an abdication by this government of its responsibilities when it says to the farmers of western Canada, we will not do anything unless you write us and tell us what particular proposal you have in mind to discuss with us. If that is the position of the government, if that is the final position, as now stated by the Minister of Agriculture, then he has served notice on the farmers of western Canada that they cannot look to get from him and from this government an implementation of the promises which this government gave to them.

Mr. Harkness: Mr. Chairman, as usual this is an example, of which we have had plenty from the hon. member, of many words meaning little or nothing. The farmers of western Canada and the farm organizations of western Canada I think know extremely well what the situation is. The farm organizations of western Canada had no hesitation, as a matter of fact, in coming down here with demands for deficiency payments. I do not think, when they can agree among themselves on any alternative plan, that they will

have any hesitation in coming down here to discuss it with us, but up to date I take it they have not done that.

Mr. Martin (Essex East): Has the government no plan? That is the question. It is an admitted abdication by the government.

Mr. Harkness: There is no such thing as any abdication or anything else along that line, Mr. Chairman. The government has all kinds of plans but, unlike the previous government, we are not trying to dictate to the farmers as to what plan they should accept, and so forth. We have asked them to bring down an alternative plan and we will be glad to discuss it with them, and we are waiting for them to do that.

Item agreed to.

2. Information division including a grant in the amount of $26,000 to the agricultural institute of Canada, $638,410.

Some hon. Members: Carried.

Mr. Martin (Essex East): Hon. gentlemen may steamroll, but these are tactics which will not be appreciated. We are a small group and we are going to fight for the rights of parliament.

Mr. Boulanger: There is an increase of $15,000 in this item; can the minister tell us what it is all about?

Mr. Harkness: Mr. Chairman, I am not entirely clear as to what the hon. member means but I can give him some information as to the reason for the increase. As a matter of fact, as far as departmental administration is concerned, which includes the deputy minister, and some of the other chief administrative officers, he will note that the increase is $73,000. It is accounted for largely by increases in salaries, the normal increments that take place and so on. The total number of people in the administration branch has been increased by 10. Some of that increase is due to the transfer of personnel from other branches to the central administration branch in an effort to improve the general administration. That is the explanation of that particular item.

Item agreed to.

3. Contributions to commonwealth agricultural bureaux in a total amount of £46,384, notwithstanding that payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1959 which is, $123,516.

Mr. Herridge: Would the minister explain the details of this vote and why there is this small decrease in the amount from last year?

Mr. Harkness: Perhaps I had better explain that the commonwealth agricultural bureaux are a group of organizations in British commonwealth countries operating under a central executive council of representatives of these countries which directs the activities of the bureaux. The main activity is the maintenance of an abstracting service. The commonwealth institute of biological control, which is located in Canada, collects and distributes information on parasites and destructive diseases. I think the hon. member wanted to know why there is a slight decrease. In past years there have been certain lapsing balances, in one year amounting to $2,900, in another year $12,000 and in another year $1,747. It is estimated that the cost this year will be about $2,000 less than last year. The real explanation is that there has been an effort to estimate a little more closely.

Item agreed to.

4. Economics division, $751,838.

Mr. Martin (Essex East): I see that the vote for the economics division for 1960-61 is $751,838 compared with $726,986 in the last fiscal year, and I note that 146 additional persons are covered—

Mr. Harkness: No, not 146 additional but 146 all told.

Mr. Martin (Essex East): There are 146 all told or an increase of 10. I thank the minister for the correction. I am sure that these are well qualified individuals, but the purpose of employing anyone in the government service is so that they will study plans and make recommendations to the administration with regard to problems in all their aspects that exist in a particular field. I take it that in the economics division there must be individuals to whom have been assigned the task of studying the very problem which engaged the minister and myself a few moments ago namely what should be done to meet the demands of western agriculture. Is there any particular group in this division engaged in considering alternative plans or are we only to have alternative plans based upon suggestions by the farmers of western Canada themselves? The minister says he has no plans.

Mr. Harkness: I did not say that.

Mr. Martin (Essex East): The minister said, "The government is waiting for written proposals by the farmers themselves and we have not heard from the farmers". The only conclusion is that unless they hear from the western farmers there will be no policy announced by the government. I say that that is a most unusual statement for a minister to make. In the light of the fact that we are adding 10 persons to the economics division I ask the minister to tell us whether

any of these individuals are addressing themselves to alternative proposals to meet the kind of problem which confronted the western farmers when they made the suggestion for deficiency payments? It is not good enough for the minister or the government to say, "We are waiting for a written reply from the farmers of western Canada". That is a most unusual statement and the more often I repeat it the more incensed I become with the fact that it is possible for the government of this country to be so weak in its attitude toward these problems as to bring about the inaction which now characterizes a government that was going to do so much for agriculture.

Well do I remember how the minister, when he sat over here, berated the former administration and how he would have become incensed if the minister of agriculture of that day had dared make the kind of reply which the minister made today. The minister says, "We are not going to do anything for agriculture in the west unless we get a written reply". It is like saying to someone applying for a job, "Send me a letter with your qualifications in writing and if I think they are worth while I will give the matter consideration".

Surely that is not what the Minister of Agriculture should say to the western farmers. He now has these new employees in the economics division. Are any of them going to be employed in providing the government with alternative solutions, solutions which the government now says it is waiting to receive in writing from the farmers of western Canada?

Mr. Harkness: Mr. Chairman, the hon. member for Essex East has given us another of these exhibitions of attempting to make black appear white to which we are becoming very accustomed in this chamber. I would say that what he is incensed about is that we have not, as the previous government to which he belonged would have done, attempted to ram something down the farmers' throats and thus provide a club for the hon. member and his colleagues to beat the government with. That is what he is incensed about.

As a matter of fact, the particular group of people we are now talking about are employed all the time in doing research work on general agricultural economic questions and on specific agricultural questions. One of them, for example, did a study of the tomato situation in British Columbia, and I referred to that when I was replying to the hon. member for Vancouver East the other day. They have done economic studies of practically all phases of agriculture from the marketing point of view, from the production point of view and so on.

With respect to alternative schemes to assist the western farmers, a great deal of work has been done by myself and also by members of the economics branch in working out schemes of different kinds. The hon. member does not need to think for a moment that the government is deficient in schemes of assistance of various kinds which might or could be put into effect. I have had a considerable number of them worked out and different people in this branch have worked on the various implications of them, how they might affect different parts of the country and so on and so forth.

Item agreed to.

Resolutions adopted in committee of supply this day reported and concurred in.

The Acting Speaker (Mr. Rea): It being five o'clock, the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

PRIVATE BILLS

BRENDA MARY PARDY THACKER

The house in committee on Bill No. SD-42, for the relief of Brenda Mary Pardy Thacker —Mr. McCleave—Mr. Rea in the chair.

Mr. McCleave: A week ago I suggested that if hon. members who have particular complaints with regard to some of these bills would mention the bill specifically by name it would be possible to deal with the non-contentious bills all together, as has been our practice in the past for a great number of years, and then get down to the particular ones on which they wish to speak. It seems to me that this course commends itself. I noticed the other day that we did not linger over the affairs of several insurance companies and pipe line companies but put those bills through in five minutes or ten minutes without very much debate. Perhaps we could allow that procedure to be an example for us this afternoon.

Mr. Howard: With respect to that particular suggestion, Mr. Chairman, may I make a comment or two? I realize that it is a bit out of order but perhaps if you will allow me a second or two and the committee will be generous enough to do that we could deal with this particular point raised by the hon. member for Halifax.

On Friday last a similar request was made and, as you will recall, I then raised other matters that had to be dealt with and that if we were to select those which were to be considered as difficult or ones which required

some discussion and agreed to pass the others en bloc and then proceed to the next item on the order paper, we would have to concern ourselves with what happened to the public bills in private hands and so on. Following that the hon. member for Kenora-Rainy River suggested that perhaps the hon. member for Halifax, before making such a request, should communicate with representatives from the other two parties in an effort to work out some amicable solution. As far as I am concerned, no such specific discussions were held. Until that occurs perhaps we might just as well proceed with the bills today at least as they appear on the order paper and in that order.

Mr. McCleave: Mr. Chairman, there has been discussion. I think my hon. friend is getting a little bit afield when he makes a statement like that. I had discussion with him only a few moments ago, asking whether it would be possible to take that course; and I am asking now in the chamber whether it is not possible. If he says no, then we go ahead and do as we have been doing in the past.

Mr. Howard: I do not like to refer to private conversations but if the hon. member considers that to be consultation, I think he is under a misapprehension. It is true that out in the corridor he said words to the effect—I do not remember the exact words—"Have you selected any particular bills?" I said no. I think we can probably proceed with them in the order in which they appear.

The Deputy Chairman: Order. I think this discussion has gone on far enough. We will now consider Bill No. SD-42.

On clause 1—*Marriage dissolved.*

Mr. Peters: I should like to say a few words on this bill. As we note from this bill, it is a petition for the relief of a particular lady on the grounds of adultery, granted on the particulars contained in paragraph 6 of the prayer:

6. That on the fifth day of February, 1959, at 9832 Berri Street, Montreal, Richard Thacker committed adultery with one Elsa Banks of 9832 Berri Street, Montreal, Quebec.

This case has been handled again by two very well-known and certainly very highly experienced investigators; namely Mr. Etheridge who has been before us a great number of times and Mr. Brault who has been before the Senate committee on a number of occasions also. Both are experienced. As you read the evidence you wonder whether their experience is not becoming apparent even to those who are not much interested in whether connivance has taken place and arrangements have been made rather than evidence having been obtained in the manner in which it is presented in this particular case. Mr. Ezra Leithman, advocate, of the city of Montreal, appeared of counsel for the petitioner. In this case, as in many other cases, we are obliged to concern ourselves—whether we do it publicly in the House of Commons or privately when we discuss these matters with our own consciences—with the problem of the children and what the result of this particular bill will be having regard to the welfare and the future of those children.

According to the evidence the marriage took place in November of 1945 in the city of Montreal, Quebec. Questions were asked as to the religion of the wife and the husband and documents to indicate that the marriage had taken place were filed as exhibit No. 1. Then submission was made of a photograph, which was filed, indicating the likeness of the husband and the defendant in this particular case. Mr. Leithman begins his questioning of the lady concerned in this case and he asks the following questions:

Q. —do you know where your husband was born?
A. Yes.
Q. Where was he born?
A. In England.

In reading these questions and answers, Mr. Chairman, you will notice that when he asks the complainant in this particular case, "Do you know where your husband was born?" the answer is yes. Would it not be normal for her, if this evidence had not been previously rehearsed or previously discussed, to say where he was born, if she knew. But the questioning goes on:

Q. Where was he born?
A. In England.
Q. And when did he come to Canada?
A. In the spring of 1945.
Q. And you married him in November of 1945?
A. Yes.

In others courts of law it is my contention that that question would not be allowed or that that type of questioning would not be allowed. She is not being asked when they were married. She is being told the date that they were married:

Q. And when did he come to Canada?

That does not constitute a question. It is a statement of fact. I suggest this type of questioning indicates a rehearsal of the process of questioning prior to the actual proceedings before the Senate.

Mr. McCleave: Where ignorance is bliss it is folly to be wise.

Mr. Peters: I do not know. I can only presume that the sponsor does not mean that quotation to apply to a lawyer. This lawyer has been before us a number of times and I imagine he has a few brains and perhaps

does know where he is going. I would suggest that he also knows which side of the bread the butter is on and in this particular case I think he probably knows, if this divorce goes through quite easily, that he will get his money without much work on his part. Therefore the type of questioning taking place, while it would not be allowed in other courts of law, is being allowed in the committee at the present time.

Mr. Forgie: May I call the attention of the speaker to the fact that 75 times out of a hundred that question is asked by counsel in divorce actions in the province of Ontario.

Mr. Peters: That may be true but in cases gone by where the question is of importance the chairman always draws it to their attention. I am going only from the education we are receiving in this particular field from the committees which have discussed the matter before us. In each case where the question is a leading question, if it is of importance the chairman always asks that the question be reworded and not framed in such a way as to indicate what the answer is. It would seem to me that a question like, "And you married him in November 1945?" is a statement as well as a question, and I think the only difference might be the inflection of the voice.

Mr. Forgie: The marriage certificate is produced; that is the evidence.

Mr. McCleave: You cannot tell him anything.

Mr. Peters: That may be and it may be sufficient proof. If it is, then I suggest this type of questioning is not necessary and we should so inform the other chamber. It is a very stereotyped question.

In most cases they ask the question, "And when were you married?" In this particular case the question is, "And you married him in November 1945?" That is an indication, in my humble opinion, that these cases are rehearsed. I make that statement having full knowledge of an article which appeared a short time ago in *Le Devoir* in which a reporter decided to check into some of these cases and when he went to one of these investigating firms—

Mr. McCleave: Mr. Chairman, on a point of order, can the hon. member relate that to this particular case?

The Deputy Chairman: I was waiting to see that.

[Mr. Peters.]

Mr. Peters: Mr. Chairman, I think not. I do not think I can refer it to this particular case, but the company he went to are an established firm and the part of the investigation—

Mr. McCleave: Mr. Chairman, on a point of order, the hon. member says it cannot be related to this case and therefore it should not be discussed during a discussion of this particular case. That is elementary enough under the rules of this chamber.

The Deputy Chairman: The point is well taken. I was wondering whether the hon. member for Timiskaming was trying to make some point out of it but apparently not. I do not see how he can relate it to the bill before us so I will have to ask him to drop it.

Mr. Peters: I will certainly bow to your decision, Mr. Chairman, and I would agree I probably did not draw attention to the reference quickly enough. The reference was going to be that in one particular case where we have both sides of the story the indication is that this is—

Mr. McCleave: Mr. Chairman, on a point of order, the hon. member is deliberating flouting the ruling just given by the Chair.

Mr. Peters: I will go on with the questioning.

Q. Is he still living in Montreal?
A. Yes.
Q. Is he steadily employed in Montreal?
A. Yes.
Q. Has he become a naturalized Canadian since he has been in Canada?
A. Yes.

The chairman of the committee continued the questioning on a different line. He asked:

Q. So far as you know, does he intend to remain in Montreal?
A. Yes.

Then counsel continues.

Q. After your marriage to your husband did you live or cohabit with each other as man and wife?
A. Yes.
Q. Are there any children?
A. Yes.
Q. What are their names and ages?
A. Sandra Ellen Thacker, 11, and John Richard Thacker, 7.
Q. When did you and your husband stop living together as man and wife?
A. In the spring of 1957.
Q. Would you explain to the committee just exactly what was the trouble between you and your husband?
A. Well, he became mean to live with, he was not a good father to the children and he was not a good husband. He was out a great deal and he stayed away for days at a time and he was running around. He did not give me enough money to run my home and he was selfish, domineering.
By the chairman (Senator Roebuck):
Q. What age was he at that time, in the spring of 1957?
A. 37.

By Mr. Leithman:

Q. And since May of 1957 did you cohabit with each other?
A. No.
Q. With whom are the children?
A. With me.
Q. Has he contributed to the support of the children?
A. He has done; he gives me $100 a month.
Q. And you have been working?
A. Yes.
Q. Have you any personal knowledge of the alleged misconduct on the part of your husband on the fifth February 1959?
A. No.
Q. Is there any arrangement between you and your husband that you should proceed to Ottawa to make this petition for divorce?
A. No.
Q. Is there any inducement or agreement between you?
A. None whatsoever.
Q. Would you take your husband back?
A. No.

Mr. Chairman, this particular case, as you will notice, in discussing what led up to this petition the conduct of the married couple was discussed, the relationship between them was discussed, but at no time did the committee of the other place go into the problem of a reconciliation. In some cases the Senate suggests that an investigation into reconciliation should be given some consideration. They inquire if social service facilities in the town in question were available, if medical or spiritual advice was sought and with what result. But in this case there is very little said to indicate why this husband was not a good husband. No attempt was made to ascertain if there was a possibility of this couple being brought together again, if not by their own wishes, through the use of agencies set up for that purpose. The answer given was:

Well, he became mean to live with, he was not a good father to the children and he was not a good husband. He was out a great deal and he stayed away for days at a time and he was running around. He did not give me enough to run my home and he was selfish, domineering.

Mr. McCleave: Would the hon. member permit a question. From this extract from the evidence which he has read in full, as he has with other extracts, would he not say that, coupled with the evidence that the husband was living with another woman, there was ground for divorce? He had been living for several years with another woman.

Mr. Peters: To answer the question, in the case of common law alliances I would suggest that this in itself, the stated relationship of common law, should be enough to establish a divorce. However, that is not the case in relationship to our divorce procedure and because of that we have to operate under the terms which the Senate has laid down for itself. We have passed a bill this session which I think will be back before us again or there will be considerable reference to this again. In this particular case it was alleged there was a common law alliance.

We find that the statement of the husband in this situation—and this is borne out by my reading of Power—that a statement based on a common law alliance is not ground for adultery, and if adultery is the only ground for divorce a common law alliance does not legally constitute an adultery charge. I agree with the sponsor of the bill that it should, but it does not necessarily follow.

Mr. Pugh: I wonder if the hon. gentleman would give the page from Power and his quotation on that subject in the context of the rest of the chapter.

The Deputy Chairman: Order. I am afraid the committee is getting back to the procedures of divorce. We are discussing Bill No. SD-42 and not divorce procedures.

Mr. Pugh: On the point of order, it has been suggested that the evidence presented in this divorce petition is not sufficient to constitute adultery. It is suggested that adultery has not been committed.

Mr. Peters: That is not what I suggested. All I suggested was that Power has indicated that a common law alliance does not necessarily constitute ground for presumption of adultery.

An hon. Member: Page.

Mr. Peters: Unfortunately I do not have the book with me today. I like to quote from that work because it is obviously the most authoritative source, and I shall be quite happy to relate the point to another case later.

Mr. McCleave: Would the hon. member permit a question? Might he not have interpreted Kent Power wrongly in this particular instance?

Mr. Peters: Yes, Mr. Chairman, I was paraphrasing what I think the author said, and I may have misinterpreted some of the legal terms. I stand to be corrected if I am wrong. It is a very big book, and it is all new to me. It is a text book rather than a novel. In this instance I was merely pointing out, not that there might not be grounds for divorce on the basis of the evidence but that many married people may have passed through more difficult periods than were experienced by the couple concerned in this case. The accusation is that the man was running around. It is not substantiated; there is no reference to particulars.

Mr. McCleave: Would the hon. member point out that part of the evidence which says

the respondent was running around? Would he name the paragraph and page which would substantiate what he has said?

Mr. Peters: I refer to page 10. Let us read the second sentence:

He was out a good deal. He stayed away for days at a time, and he was running around.

Mr. McCleave: Related to this charge.

Mr. Peters: No, Mr. Chairman, we have not reached the evidence of the detectives. We are discussing the situation as outlined in the questioning in relation to the evidence that the husband was not a good husband. I think this should be clearly pointed out to the committee, because there seems to be some misunderstanding. We are speaking of the marriage in the period from 1945 to the spring of 1957. The question was asked:

Q. When did you and your husband stop living together as man and wife?
A. In the spring of 1957.
Q. Would you explain to the committee exactly what was the trouble between you and your husband?

We are discussing that stage at which we are often assured by the questioner in the other house that some attempt has been made at a reconciliation, or that a reconciliation may be possible. It is true that what took place afterwards as contained in the evidence could be a reason for the wife to be peeved about the whole situation, and the evidence does perhaps indicate grounds for adultery to be assumed. But hon. members may agree with me that provided these other matters could be cleared up, in this case it would only mean the wife overlooking this voyage into a second state of matrimony for it to be possible, if other things were satisfactory at home, for them to forgive and forget. I am not saying the people concerned want to, or that they would, or that they could, but in most cases we have an assurance that there was some indication they attempted to do so.

I point out that this was in 1957, and that the offence which is alleged to have occurred did not take place until February, 1959. Thus we are speaking of that period of two years when in my opinion a reconciliation might have been attempted with satisfactory results.

Mr. Golding went on to discuss the case as it affects the children, and the record appears as follows:

Q. What would be your situation if you should have a divorce? Will your husband continue to pay for the support of the children?
A. I think so.
Q. Your situation will not be different to what it is now?
A. I work and look after my children.
Q. But so far as the children are concerned your situation will not be different to what it is now if he continues to pay?

[Mr. McCleave.]

A. It will be better. I would have peace of mind then.
Q. Yes. But so far as the children are concerned, they will be looked after?
A. Oh yes.

At this juncture I should have liked Senator Golding to have asked whether there had been a settlement in the superior court of Quebec awarding alimony or directing the support of the children. The answers which he received to the questions he did ask seem to me to hinge on a number of unknowns, and I do not think we should make too many inferences when we are handling cases of this nature. In this case we have to infer that the situation as outlined to Senator Golding is, in fact, the position. It remains that we must carry some responsibility for it.

Mr. McCleave: I must rise on a point of order. It has been the ruling of the Chair from time to time in these debates that the question of the children is not a subject for debate here. There may be one or two conspicuous exceptions, but most of us know that there are laws in the province of Quebec, that the province has a civil code and other laws which most adequately look after the rights of the children. I do not see why we should bring into this debate the subject of provincial courts and what they have been doing. The law is there, the legislature passed it, and we should concern ourselves with our own affairs.

The Deputy Chairman: The Chair has made that ruling several times, and I am sure the hon. member for Timiskaming will adhere to it. Discussion of the subject of the children cannot be allowed.

Mr. Peters: Mr. Chairman, on the point of order I did not discuss the children nor was it my intention to do so. I was discussing the report the senator had received. I am suggesting that he could have been more definite in his questioning. I will abide by your ruling and not discuss the children. I am interested in what the senator found out. I continue:

Q. Your children are going to school, I presume?
A. Yes.
By Senator Lambert:
Q. How old is the oldest?
A. Eleven.

The Deputy Chairman: Order. I cannot allow any further discussion regarding the children at all. It is the right of the committee of the other place to ask such questions but they may not be discussed in this committee.

Mr. Peters: Very well, Mr. Chairman. I continue:

By Senator Farquhar:
Q. Are you working now?
A. I have been working up until two weeks ago.

By Mr. Leithman:

Q. Would you condone your husband's conduct, would you take him back?
A. Never, no.

By The Chairman (Senator Roebuck):

Q. Have you forgiven him?
A. No.
Q. You say you have no personal knowledge of the adultery alleged with—. Did you do anything to bring it about—did you countenance it in any way?
A. No.
Q. It seems too bad to break the marriage at this late date. You say you have not lived together since 1957?
A. Yes, that is right, in the spring.
Q. Before that were you living as man and wife in the normal way?
A. Well, it was not a normal home life, no.

Mr. Broome: Mr. Chairman, on a point of order, I do not think that under our rules any hon. member is allowed to read with the extreme length and detail at which the hon. member is reading from the reports of the committee. We are supposed to be debating this bill and not reading irrelevant portions of the record of the committee. I submit he should refer to the evidence and give his own views.

The Deputy Chairman: The evidence of the committee can certainly be used in the house in any way an hon. member wishes to do so. He may read it, discuss it, or refer to it.

Mr. Broome: But, Mr. Chairman, would an hon. member be allowed to read at extreme length without any point to his reading?

The Deputy Chairman: I certainly would not want to rule under any condition that the evidence given in a committee of the other place could not be read or discussed here. I invite the hon. gentleman to remember that such a ruling would affect all private bills and not only divorce bills.

Mr. McCleave: On the point of order, should not the reading be relevant to the consideration of the committee which I think is the point that more concerns my hon. friend? We have had a discussion of the children, reconciliation procedures and other matters which do not seem very germane to an act for the relief of this particular woman. That is the point of order I raise.

My friend the hon. member for Timiskaming as a substitution for debate has read most of the evidence on pages 9, 10 and 11 of the report but this does not strictly concern itself with the substance of the bill that is before the committee this afternoon.

The Deputy Chairman: Anything in the evidence which refers to the bill may, of course, be referred to and read. The Chair has already ruled that the hon. member cannot discuss the children and he appears to understand that ruling. I hope that straightens away the matter.

Mr. Peters: I continue:

Q. It seems too bad to break the marriage at this late date. You say you have not lived together since 1957?
A. Yes, that is right, in the spring.

I fail to see how we can draw any inference that this was a particularly late date. To paraphrase from memory the treatise by Power, he points out there is an objection to granting a divorce after a long period of time, a period of undue delay. The alleged incident took place in 1959 and the petition was brought forward almost immediately which does not constitute undue delay any more than does the fact that the parties had not lived together for a period of two years.

The Deputy Chairman: Order. I am sorry to interrupt the hon. member but his time has expired.

Mr. Broome: Now the other shift takes over. We are not going to help this hon. member. He will have to talk the whole 30 minutes.

Mr. Howard: That is how little my hon. friend knows about time because it is now 23 minutes to six and I could not speak for 30 minutes.

Mr. Crouse: Every moment seems like an hour when you are speaking.

Mr. Howard: That may be so but I suspect there will be more occasions in the future that will seem like an hour to the hon. gentleman opposite.

Mr. Bigg: Cheer up. It will be your last session here.

Mr. Howard: I am having difficulty getting started but with perseverance I will make it.

Mr. Bigg: The hon. member does not really care.

Mr. Howard: I see that the hon. member for Halifax has taken up a different station in the chamber which will make it easier for us to hear his questions and easier for him to hear our comments about these cases and I hope will allow us to deal with them with greater dispatch. When he sat in his former place on this side of the chamber we always considered he was on our side and by crossing the floor I hope it does not mean he is now on the other side.

There are some matters here which are not a rehash as was suggested but which require consideration. Exhibit No. 2 is a photograph of the respondent taken in 1945 as pointed out on page 9 of the evidence by

the petitioner in response to questioning by the clerk of the committee. One adduces from other portions of the evidence that the respondent was 24 or 25 years old when it was taken. In February, 1959 when the adultery is alleged to have taken place he would have been about 39 or 40. Approximately 15 years elapsed between the time of the taking of the photograph and its use for identification purposes in this case. I have not seen the photograph or the respondent and do not know if it is a good likeness that would enable a complete stranger to identify him.

This is not a good practice. Photographs that are 15 years old should not be used because a person's features change considerably between the ages of 25 and 40. Frequently there is a considerable loss of hair or other significant change in the physiognomy. I am not making a great issue of it here but the committee of the other place should inquire into whether or not it is possible with assurance to identify a person on the basis of an old photograph.

Mr. McCleave: We know we are not supposed to make reflections on the conduct of the members of the other place. There is evidence at the bottom of page 11 and the top of page 12 that the respondent admitted the picture was his. Why we bring in those general, abstract, abstruse theories or objections, when the evidence is straightforward, I do not know. For the life of me I cannot see the point of my hon. friend's argument.

Mr. Howard: When it comes to the adultery part of the evidence given by the investigators in so far as their discovery of the situation in which the adultery took place, I would point out that perhaps in this case there is not that kind of evidence which is normally given in other cases. You will recall, Mr. Chairman, that normally reference is given by the investigators to the number of beds which are in a bedroom. If it is a double bed they make particular reference to the fact that there are two pillows in the bed, each of which has been used; the pillows are indented to indicate someone has been sleeping there, and things of that nature. That is normally the kind of evidence given by the investigators and other witnesses in other cases. Throughout the evidence given by Mr. Etheridge and Mr. Brault I can find no reference to their going into the bedroom in this particular place, except they say there was one. Let me read from the evidence of Mr. Etheridge at page 11. After they had gone into this particular address he said:

> We entered the house after Mr.—opened the door. He admitted he was—and that exhibit 2 was a picture of himself.

I say to the hon. member for Halifax I would have got around to clearing up the point that he had in mind eventually, anyway. Then, the witness continued:

> It was a house which was a two-section cottage, and we stepped into the living room, and on the right-hand side past the living room was the bedroom.

Then he answers an inquiry from Senator Roebuck:

> Q. Was there only one bedroom.
> A. Only one bedroom.

Then he refers to other parts of the house, which I intend to come back to in a moment and make some other comment. That is the sum and substance of the reference to the particular bedroom. There is no indication whether there were twin beds, bunk beds, a couch or any other type of sleeping accommodation. I point out that this is a variation from the evidence given normally in this type of case.

Perhaps the question posed by the hon. member for Halifax when the hon. member for Timiskaming was speaking on this matter can be referred to. If I can paraphrase his question correctly, if not he will correct me I am sure, he asked whether or not this divorce should be granted on the ground that it was a common law relationship. I submit this is precisely what has occurred and that this is perhaps what has led the members of the other place to recommend that this bill be proceeded with.

They have recommended that the bill be proceeded with on the basis that adultery was proved by this common law arrangement between the respondent and the corespondent and that this was admitted in the presence of Mr. Etheridge and Mr. Brault and that they gave evidence to this effect. I submit that this is the basis or the reasoning of the committee of the other place in recommending that this divorce be granted on the grounds of adultery, even though it is not adultery in fact that is necessary as evidence, the only evidence that would normally lead one to believe that it could take place. This does not come within that sort of necessary test, because you can assume all sorts of things.

The fact that they were living together as man and wife and had been living together as man and wife ever since May, 1957, as was given in evidence by Mr. Etheridge of what he was told by the respondent, is the basis upon which this divorce was recommended by the committee of the other place to the other place, and I am sure it is the evidence which the committee of this house and the house itself later on will consider as the predominant factor in granting or not granting the divorce.

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

Mr. Howard: Certainly.

Mr. Aiken: Would the hon. member not agree that a continuing common law relationship would be a much better type of evidence on which to base a divorce action than a single instance about which there has been some complaint in the past few weeks?

Mr. Howard: I do not know whether my hon. friend is talking about court proceedings or proceedings before the houses of parliament.

Mr. Aiken: I am not referring to either in particular; I think the evidence is the same. What I am asking is, is it not more acceptable evidence of adultery if a continued cohabitation over a period of time is proved, because a single instance, which the hon. member has been complaining about, is much less potent?

Mr. Howard: I gather now what my hon. friend is getting at? I am not in a position to answer about the basis of a case in a court of law, because I am not that familiar with what is acceptable and what is not; but this is the point I am trying to get at. Our normal practice is to say that there were reasonable grounds to assume that adultery took place. The investigators take all steps necessary to try to prove that by making reference to the clothing and to pillows being indented and so on.

In this case there is no reference to that. This is what the divorce in this instance is being granted on, and frankly I think the question asked by my friend is a good one and this is what I am trying to get at. There is some reason to accept the circumstances in this case as being grounds for a divorce. We hear of someone knocking on a hotel room door, or a motel door. Normally, we have that motel type of case, which in many cases is arranged beforehand and everyone knows what is going to happen. In this instance we have far more reason to accept the grounds for granting a divorce than we have in cases of the other sort. This is the point I was trying to get at.

Mr. Aiken: In that case would my hon. friend admit that we should pass this bill and get on with another one?

Mr. Howard: With this slight exception. There are one or two other points here that make one raise some doubts as to whether it should be granted, and doubts as to the evidence itself.

My hon. friend from Halifax may laugh. I do not know whether he is laughing because he has a headache, as he had before, or at what I said about some other points here. If I make this particular one perhaps he will be able to provide the answer. I know he will be able to provide an answer, but in my mind it may not be the answer, but perhaps he can give us an assurance that there is an answer to it. It is with respect to the evidence given by Mr. Etheridge on page 11. It is the second question of Mr. Leithman. His first question was about photographs, and then he asked this question:

> Q. Have you had occasion to investigate Mr.—conduct, his mode of living.
>
> A. That is right. You retained our services in the matter during the month of June, 1959 and as a result of our investigations on the morning of Thursday, February 5, 1959,—

This is the point that is in my mind. I can assume what has occurred but in fact I do not know because the printed evidence shows that it is June and that they were retained about four or five months after they discovered certain things.

Mr. McCleave: Does the hon. member want an answer? It was obviously June in January.

Mr. Howard: That is what I mentioned earlier. In my own mind I can come to an assumption of what it was but I do not know for sure. It may have been June, 1958 but this is not clear from the evidence. We can assume that it may be a typographical error. We can assume that when Mr. Etheridge gave his evidence he meant January when he said June. It may be that he said 1959 and meant 1958. These things we do not know.

In any event, it is a point in the evidence which is in conflict and yet we are supposed to base our reasoning upon that and come to some conclusion. Perhaps in respect of this particular case also the hon. member for Halifax might avail himself of the actual transcript of evidence taken before the committee and see whether or not it is June, 1959 or January, 1959 or June, 1958 or what is the actual date set out in the transcript of evidence because typographical errors can creep in.

This is one of the things I wanted to raise, and there is another one. I refer again to page 11, the evidence of Mr. Etheridge, and the answer to a question asked by the chairman, Senator Roebuck, as found at the bottom of the page.

> Q. Was there only one bedroom?
>
> A. Only one bedroom. There was an upstairs section of the house, but it had been closed off from the cold of the winter. They did not use the upstairs during the cold of the wintertime.

I do not know how Mr. Etheridge happens to know whether they did or did not use it during the cold of the winter, whether they did not use it during the summer or if they ever used it. Nevertheless he volunteers the information. He was not asked any question

about it. He just comes out point blank and says of his own volition that the respondent and the corespondent did not use the upstairs during the cold of the winter, that it was closed off during that time. He points out how it was closed off. Wood was used to stop the hot air from going up into the top section.

Mr. Aiken: Perhaps we need that here.

Mr. Howard: Perhaps this may be the sort of thing we require here but I am sure my friend would not want to spoil the architecture and appearance of the chamber by doing something of that nature. In any event, if I were to continue along that line you would call me to order, Mr. Chairman. Here is an indication that Mr. Etheridge knew about this beforehand. He gave no evidence about how he came to know how they did not use the upstairs during the cold of winter or what the wood was put there for or when it was put there. He is not questioned about it. He volunteers the information very graciously and generously of his own volition. He was simply asked if there was one bedroom and he only had to answer yes or no as the case might be but he went on and pointed out that they did not use the upstairs during the cold of winter.

I think one is entitled to assume from this that Mr. Etheridge is either not disclosing the full content of the discussion he had that morning with the respondent and corespondent or he knew and had had some discussions with the people who lived in the house or had been in the house himself. Possibly in his part-time work he was hired as a carpenter to board it up for the winter so that it could not be used during that period. These are assumptions. I do not think the last one could be the case because he is fairly well taken up with his work in these cases. That was more or less a facetious comment, but apart from that how did he know that the respondent and corespondent, living together as man and wife, did not use the upstairs during the cold of winter. I think we are entitled to assume that somebody told him that, that there was some prior discussion with the respondent who had lived in the house since May of 1957 and had been there during the winter of 1957-58 and again during the winter of 1958-59. I think we can assume that some discussion took place.

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

Mr. Howard: Yes.

Mr. Aiken: Would he mind explaining what point he is making at the present moment?

Mr. Howard: I am making the point that the upstairs was boarded up and Mr. Etheridge knew about it beforehand and had had some discussions with these people. He had undoubtedly been there and made arrangements beforehand. There is another case which supports that view. Just after the June in January or June in February mix-up Mr. Etheridge had this to say, which shows either careful planning beforehand or pure coincidence:

> —at 1.15 in the morning I drove up to where Mr.—was living at—on my way home—

Just coincidently he happens to be driving by on his way home at 1.15 in the morning. He then says that later at 7.15 that morning he met Mr. Brault on the particular street in question. One would assume that he had not staked out the place as private eyes are prone to do and watched it day after day. One would assume that in this instance he knew what was going to occur. One would assume that he also knew about the upstairs being closed off in the wintertime. If we are going to accept the fact that there is a common law arrangement, and that is what the Senate has done, then I think we should not clutter it up with evidence of this nature to try to prove that very vague point about adultery. I am sure that what has happened in this case is that some discussions have taken place. I am sure that Mr. Etheridge knew beforehand about the closing off of the upstairs to keep the cold out in the winter or the hot air downstairs because there had been prior discussions, and the reason there were prior discussions was that Mr. Etheridge, being familiar with the process of parliament granting a divorce and knowing from past experience what he would have to prove before parliament, made this arrangement—

The Deputy Chairman: Order.

Mr. McCleave: Nonsense, nonsense, nonsense.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Dumas: Mr. Speaker—

Mr. Herridge: Mr. Speaker, in view of the absence of any front bench Liberal member would the leader of the house inform us what the business of the house is for Monday?

Mr. Dumas: Mr. Speaker, I wonder whether the minister can tell us whether the order of business announced last night will be applicable on Monday, Tuesday and Wednesday.

Mr. Churchill: I am interested to see this unusual competition on the other side of the house between the two parties. The business as announced for Monday and Tuesday will stand. On Wednesday we will continue with the Tuesday items if they are not finished.

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

[The following items were passed in committee of supply]:

Supply—Items Passed

DEPARTMENT OF AGRICULTURE

Administration branch—

1. Departmental administration, including advisory committee on agricultural services, $777,657.

2. Information division including a grant in the amount of $26,000 to the agricultural institute of Canada, $638,410.

3. Contributions to commonwealth agricultural bureaux in a total amount of £46,384, notwithstanding that payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1959 which is, $123,516.

4. Economics division, $751,838.

79951-0—232½

HOUSE OF COMMONS

Monday, May 9, 1960

The house met at 2.30 p.m.

(Translation):

PRIVILEGE

MR. CHEVRIER—REFERENCE TO STATEMENT IN DEBATE BY SOLICITOR GENERAL

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I rise on a question of privilege. A statement made in this house by a minister of the crown with regard to a debate which took place recently, has been contradicted by the premier of a province and raises a question of privilege affecting all members of the house.

Addressing the house on April 26, 1960, the Solicitor General (Mr. Balcer) made the following statement, as reported on page 3 of the appendix to *Hansard* of that date:

> A few days before his death, Mr. Duplessis stated that he would be in a position to submit, in October, a positive proposition to the ministers from Ottawa. It was the Hon. Paul Sauve who submitted that positive proposition. Federal ministers discussed it with Mr. Sauve and, at the time of his tragic death, only a few details remained to be worked out, which was done during a private interview between Mr. Antonio Barrette, Mr. Sauve's successor, and the Minister of Finance, sponsor of the bill which is now before us.
>
> We have kept our word admirably, because Premier Barrette himself believes that this bill is consistent with the terms of Mr. Duplessis' proposal, which was submitted by Mr. Sauve, and later by Mr. Barrette himself.

According to a report in this morning's *Le Devoir*, the premier of Quebec, in a statement made yesterday in Joliette, spoke differently:

> There was never any question of an agreement with Ottawa, but a decision taken by an autonomous government to settle a thorny problem. Thus, by proudly expressing our will, we finally succeeded in recovering for Quebec $10 million in taxes every year, and the $25 million lying dormant in Ottawa coffers.
>
> We even got the federal government to admit that it will entirely vacate the field of education, thus finally winning out after years of struggle.

Under the circumstances, I think the Solicitor General owes it to himself to explain this contradiction between his own statement in the house and that which was made yesterday in Joliette by the premier of Quebec.

Mr. Pigeon: There you go. Petty politics. Petty politics.

(Text):

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, it must be quite obvious that there is no question of privilege whatever involved here. The hon. member for Laurier has chosen this vehicle, in the absence of the Solicitor General (Mr. Balcer), to raise a question on a measure that is now before the house and on which debate will be resumed tomorrow afternoon. It must be perfectly obvious to my hon. friend, as it will be to other hon. members who are acquainted with the rules of the house, that this matter is not a question of privilege, and that the hon. member had no right to raise it in the way he has.

MISCELLANEOUS PRIVATE BILLS

Ninth report of standing committee on miscellaneous private bills—Mr. McCleave.

EXTERNAL AFFAIRS

DISARMAMENT—REPORT ON ISTANBUL MEETINGS OF WESTERN FOREIGN MINISTERS AND NATO COUNCIL

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I thought it might be helpful if I were to make a brief report to the house concerning my visit to Istanbul. As hon. members are probably aware there were two meetings held there, one a week ago yesterday.

The first was a meeting of the foreign ministers representing the five western countries which are members of the ten-nation disarmament committee. The purpose of this first meeting was to prepare advice for the three western heads of government who are to participate in the summit meetings commencing on May 16 in so far as the question of disarmament is concerned; also to consider what progress had been made in the disarmament committee itself and what suggestions should be made to the negotiators acting on behalf of the five western powers, and finally to prepare a report on disarmament to the NATO council which was to meet during the succeeding three days.

We took General Burns with us to Istanbul because, of course, our main interest there was the question of disarmament, and as you know he is heading the Canadian delegation on this important work. The progress that has been made to date by the disarmament committee has not been very satisfactory. The Canadian government is anxious

that there should be a great deal more done when the committee resumes its sittings early next month.

At this first meeting I urged upon the other four western foreign ministers that everything possible must be done to get these negotiations moving; that it was very important to demonstrate to the five eastern nations on this ten-member committee and also to all other nations of the world that the west is very serious in its attempt to bring about a disarmament agreement.

We made several suggestions which perhaps would be of interest to the house. One was that the summit meeting should give direction to the ten-member committee, that instead of discussing further the general issues they should commence to discuss specific measures of disarmament. Mind you, that would mean that these directions would come from President Eisenhower, Prime Minister Macmillan, President de Gaulle and Premier Khrushchev. We had in mind that a joint declaration or recommendation, whatever you wish to call it, should be made to the disarmament negotiators.

Also we suggested that an attempt might very well be made to work out package deals; that is, take one measure of disarmament in which the west was interested and one of equivalent importance in which the east was interested and try to make a package deal with regard to these two particular aspects of disarmament. For example, the west might offer to negotiate a controlled limitation on force levels and related conventional armaments if the Soviet side would agree to negotiate on the nuclear disarmament measures in stages one and two of the western plan.

We believe this is a practical way to get things moving, and if package deals of that kind could be made in several instances the first thing we would know there would be a worth-while disarmament agreement.

Then we also suggested that when the disarmament committee meets again there should be certain informal off the record meetings of the negotiators. To date they have been having formal meetings, records are kept, and then after a matter of a few weeks the whole record is published, which means, as I am sure all parliamentarians will understand, that there is a great deal of talking for the record. We think it would be very useful if the negotiators could get into a huddle from time to time and really try to work out something among themselves. We do not say there should be no more formal meetings, but we think a mixture of formal and informal meetings would be very beneficial. We hope there will be recommendations of this kind made by the summit to the 10-member committee.

Our suggestions were received very well by the other western foreign ministers and also, when the NATO council met, they were favourably received in the deliberations of that council.

Then a word or two with regard to the NATO council meeting. It was concerned primarily with preparations for the summit. Most of the time was spent in discussing what the three western heads of government should propose at the summit meeting. There had been three working groups set up; one on disarmament, of which of course Canada was a member; another on Germany and Berlin, of which Germany was a member in addition to the United Kingdom, the United States and France; and also one on east-west relations, which was composed of representatives of the United Kingdom, the United States and France and also one representative from the NATO council.

The council endorsed the report which the disarmament working group had submitted and affirmed it in the following words:

> The alliance shares the aim of general and complete disarmament to be achieved by stages under effective international control, and supports the proposals of the western negotiators at Geneva to this end.

The council also made reference to the importance of tying in the United Nations with the work of this disarmament committee. The council asserted their view that these proposals provided the best means of carrying out the United Nations resolutions of November 20, 1959, and also regretted the unwillingness which the Soviet side had shown to discuss specific practical measures of disarmament.

Canada throughout has been very insistent that the United Nations should be kept in this picture. We regard ourselves as speaking on that committee for the various middle and smaller powers who are members of the United Nations, and as this world body has the final responsibility for disarmament we think it is of the greatest importance that it should be kept right in the picture. The secretary general of the United Nations, Mr. Hammarskjold, spoke to the disarmament committee at the last meeting they held, I believe, before recessing at the end of April.

On the question of Germany and Berlin there was a general endorsation of the approach which the three plan to use at the summit, and general agreement that it should be left to the discretion of the three how

best to present the western position in the light of developments at the summit. The NATO council reaffirmed publicly its view that the solution of the problem of Germany can only be found in reunification on the basis of self-determination, recalled its declaration of December 16, 1958, and once again expressed its determination to protect the freedom of the people of West Berlin.

The third broad group of subjects dealt with was east-west relations. This, of course, covers quite a wide area, including exchanges of contacts in cultural and information fields and the possibility of discussing trade, aid and other economic questions with the Soviet at the summit. There was also discussion of the concept of *detente,* which has become such a popular word—meaning a relaxation of tension, I think—and also the question of peaceful co-existence. The conclusions reached included these, that the NATO members desire a true international *detente,* by which they mean peaceful co-operation among all states, not merely an absence of hostilities. Then they added a condition. A condition of *detente* is that it must be applicable to all areas of the world, that peaceful co-existence is unsatisfactory if under its cover the Soviet union continues to engage in propaganda attacks on individual members. There would appear to be a *detente* in so far as Canada is concerned and the United Kingdom, the United States, France and so on, but evidently the situation is a little different in the case of West Germany and Greece, for example. They are being subjected to propaganda and pressures of various kinds, and the council did decide that a *detente* should be indivisible; in other words, it should apply to all the nations.

Canada supported the idea that the west should go to the summit prepared to discuss in general terms with the Soviet union problems of trade. We also expressed in the NATO council an interest in having a general discussion at the summit on the problem of limiting the traffic in arms through international reporting arrangements which would apply to both the importing and the exporting countries. In other words, a country which is exporting arms would list the exports with some international agency, and so would the receiving country. This work could perhaps be done by the international disarmament organization which has been proposed by the west, should there be agreement to set up such an organization.

In addition, at the conference there were several very interesting individual statements relating to developments in particular areas, but these are not of a nature which I could properly disclose to the house.

Istanbul Meetings on Disarmament

Just before we left Istanbul and later in London we had word of the incident involving the shooting down of a United States plane. The Canadian government regards this as a very serious incident, and we think it points up very clearly the vital need for a disarmament agreement. If incidents of this kind are to keep occurring, one of these days such an incident might trigger a nuclear war. We think it shows very clearly the need for both sides, the west and the east, to reach an agreement on disarmament.

Mind you, we believe in disarmament under control. An incident like this would not happen if there were a proper inspection system. I remind the hon. members that from time to time the present government has taken the stand that Canada would open her skies to inspection if the Soviet would do the same thing in an equivalent area on the other side of the Arctic. I have, for example—I will not repeat the statements that have been made on this subject by the Prime Minister—a letter the Prime Minister wrote Premier Khrushchev on May 9, 1958 which reads as follows:

> If you are really anxious about developments in the Arctic and if you wish to eliminate the possibility of surprise attack across the polar regions, I find it hard to understand why you should cast aside a proposal designed to increase mutual security in that area.

The suggestion had been made earlier by Canada and rejected.

> Let me repeat here, Mr. Chairman, that we stand by our offer to make available for international inspection or control any part of our territory, in exchange for a comparable concession on your part. I would hope that you would accept some arrangement along these lines not only as an indication of our good faith but as part of a first, experimental step in building a system of international safeguards against surprise attack. When there is, by your own admission, a danger of nuclear war breaking out by accident or miscalculation, it is difficult for Canadians to comprehend your refusal to engage even in technical discussions intended to explore the feasibility of an international system of control.

I am sure all members of the house will agree with the position of the government, which is that Canada will do everything she possibly can to bring about disarmament under proper controls and with a system of inspection.

I think too that this incident, in addition to showing the need for a disarmament agreement, indicates the importance of the summit meeting which is to be held on May 16. There has been some suggestion in the press that perhaps now there would not be any summit meeting. I submit that it is all the more important now that this has happened that the summit meeting should go ahead. Mind you, it is not going to be any easier because of the increase in tension caused by

this incident, but we hope there will be no suggestion whatever that the summit meeting should be cancelled. We think there is even a bigger job to be done by these four heads of government at the summit meeting which is due to commence just a week from today.

I must ask the forgiveness of the house, Mr. Speaker, for trespassing on its time in this way, but finally I should like to make it quite clear that the Canadian government was not aware of these activities, and evidently the United States government was not very much aware of them either. I have here a statement which was issued by the state department of the United States on May 7, and it contains this sentence:

> As a result of the inquiry ordered by the President, it has been established that in so far as the authorities in Washington are concerned, there was no authorization for any such flight as described by Mr. Khrushchev.

Mr. Speaker, I am sure the house will join with me in expressing the hope that now that both sides have seen just how serious incidents of this kind can be and just how little it might take to bring a world disaster, the nations of both sides will get down to business and really try to work out an agreement on disarmament.

Hon. Paul Martin (Essex East): Mr. Speaker, as the first one to comment on the statement of the Secretary of State for External Affairs (Mr. Green), I am sure I may express to the minister, on behalf of all of us in the house our pleasure at seeing him back in his seat looking fit and vigorous after his arduous assignment.

This is another chapter in a series of undoubtedly important visits for which the minister has made preparations. The one in Turkey is now shortly to be followed by a visit to South America. While the meetings in Istanbul were simultaneous and parallel with the commonwealth prime ministers' conference, one might have thought that before returning to Canada the minister would have gone to that conference and participated in the deliberations during the course of this week. The precedent for such participation at a commonwealth prime ministers' meeting was established at the last two prime ministers' meetings when the former secretary of state for external affairs accompanied the Canadian prime minister.

The minister has said that at the ten power disarmament discussion about which he has given a report not much progress was made in the matter of disarmament, as noted by those at the conference.

Mr. Green: Mr. Speaker, if I may just correct that, I was referring to the meetings of the disarmament committee in Geneva which had taken place earlier.

Mr. Martin (Essex East): Yes; that is why I added the words "as noted by the conference". The minister was obviously less optimistic today in discussing disarmament than he was earlier this session. Then he thought there were very good reasons for thinking that success would result from the ten-power discussions. It may be that the minister now recognizes more and more that disarmament is unfortunately to a very large degree dependent on the solution of major political problems which confront the nations of the world, pre-eminent among those, of course, being the question of Germany. But the minister did say that it was agreed that something must be done, and we note with satisfaction the suggestions made as to what should be done at the summit meetings.

Mr. Speaker, we were already aware that the minister had taken the position at the conference that disarmament discussions might be furthered if there was less emphasis on general concepts than on proposals with regard to specific plans for disarmament. The suggestion of a package deal, of course, is not new, but it is worth trying again. We in this party share the desire and the hope that the minister's tempered optimism this time may be justified.

The minister has reported on the desirability of some informal meetings at the ten-power disarmament talks. That has always been the view of those of us in this party. The minister might have gone further and proposed that Canada take the initiative at the ten-power meetings and suggest bilateral talks on an informal basis, particularly between the United States and the Soviet union, for reasons which I am sure the minister will recognize as obvious, and this without in any way affecting the position or the prestige of the other two great powers.

The minister did not say whether at the NATO meeting, there was adequate discussion of the question of consultation, a matter that has interested this house in regard to defence matters before us this session, and also one that arises out of the very problem which the minister mentioned at the last, involving the shooting down on May 1 of a United States plane some 1,500 miles within the territory of the Soviet union.

The minister said nothing about the announcement yesterday, which undoubtedly must have come to the attention of the

NATO meeting, of the intention of the government of the United States to carry on certain underground nuclear tests.

Mr. Green: May I point out that this statement was made after the NATO meeting. We did not know about it.

Mr. Martin (Essex East): Now the minister answers my observation by saying that this declaration of yesterday by the President had not been brought to the attention of the conference as a whole; but that only points up the importance of more adequate consultation. It is difficult to conceive how the United States can be charged with having satisfactorily discharged her responsibilities in the matter of consultation if that matter was not brought by her to the attention of her NATO partners at the meeting in Istanbul.

We note with satisfaction the observation made the minister—

Mr. Green: May I point out to the hon. member that the question of nuclear tests is being considered not by the NATO council but by the conference of the three nuclear powers. They are dealing with the question of a nuclear test ban.

Mr. Martin (Essex East): The minister will understand, I am sure, that this elementary fact will be widely appreciated by all members of this house; but it is also closely related to the matter of disarmament. I find it difficult to understand how we can say we are fully consulted about matters having to do directly or indirectly with disarmament if such a fact was not brought to the attention of all the NATO partners.

I was about to say that we concur in the support the minister has given to the observations made by the secretary general of the United Nations, particularly having in mind that his observations had to do with the place of a United Nations police force in the enforcement of a partial or comprehensive system of disarmament.

The minister said nothing about participation by China in a disarmament agreement. This is a matter which has been discussed at the prime ministers' meeting, and it must have been touched upon at the meeting of the NATO council.

The minister did not say anything about whether the United States had given evidence of its desire to give more vigorous support to article II of the North Atlantic treaty. When the question of freer trade and trade on a basis calculated to promote peace was being discussed in the council meeting, one would have expected that Canada would put forward her traditional view that one of the best ways of making NATO an effective instrument of collective action would be by recognizing the importance of economic as well as political co-operation.

Finally, on the matter of the incident of May 1, the shooting down of a United States plane by the Soviet union, there will be questions by some of us in this party on orders of the day, which we feel would be the most appropriate place to elicit further information. But we all agree with the minister that this is a matter that has engaged the concern and touched the imagination of most people in this country during the past few days. We can only hope that the timing of the incident as well as the incident itself will not in any way prejudice the very important talks which are going to take place within a few days among the four great powers.

I sincerely support the observation of the minister that if the open skies proposal had been accepted by the Soviet union this sort of incident would have become unnecessary. The minister referred to statements by the Prime Minister which relate to the application of the principle of open skies in the Arctic. I would remind the minister of the position taken by his predecessor and the former government in 1955, when they supported a proposal by President Eisenhower that there should be reciprocity of aerial inspection of military establishments both in the United States and the Soviet union. If that proposal had been accepted, international confidence would have been created and incidents of this kind would have been minimized. However, the Soviet union refused to accept the American proposal.

As I mentioned a moment ago, we shall have some questions to ask on the orders of the day. I do want to assure the minister once again that in these matters, despite areas of disagreement and emphasis, there is strong support in this parliament for the objectives which the hon. gentleman has in mind. We feel, however, that with regard to the question of disarmament upon which the hon. gentleman places such importance, and rightly so, there has not yet been produced—and I think the minister will not mind my saying so—either by himself or by the government, any evidence of the kind of constructive intervention that Canada could make in a matter of this great importance. It seems to us that this is not only an occasion when we should have support and unity among like minded nations; it is also an occasion when this country, exercising, as the minister earlier told us, its right of independent

thought and action in the field of foreign affairs, should give more adequate evidence of having done so.

Mr. H. W. Herridge (Kootenay West): The members of this group are delighted to see the minister returned in good health and spirits. We had some fears for him, in view of the fact that for many years he had not wandered very far from his own doorstep, and particularly in view of the fact that a number of papers and persons in various parts of Canada have wondered if the minister would suffer from sea sickness, air sickness or home sickness. We see, however, that he travels well, and before pursuing the brief remarks I intend to make I want to compliment the hon. gentleman on the fact that his short European experience is also causing him to become quite a linguist.

I shall comment only very briefly on the minister's most interesting statement. I notice he said the progress to date in the disarmament committee was not very satisfactory, and we note his suggestion recommending that the summit meeting give directions to discuss specific issues. We think there is some validity in that suggestion, and also in the suggestion that there might be a package deal—I think the hon. gentleman later said a practical deal.

We were interested to note the suggestion that off the record discussions might take place. We are of the opinion that results of some usefulness might be obtained from that type of discussion, where people are not talking for the record. Even in this house members are tempted on occasion to speak for the record, for the press though, I might add, very seldom in this corner of the chamber.

Some hon. Members: Oh, oh.

Mr. Herridge: I do want to say, with reference to the disarmament committee and the minister's recommendation that the activities of that committee should be related more directly to the United Nations, that we are all in support of that suggestion. In connection with the minister's remarks in general to that effect we simply say that this group supports any honest effort to promote disarmament in the world at this time.

Now I wish to say a word or two about the other matters. As to the German question, I do not intend to deal with that matter on this occasion, because this group holds very strong and definite views with regard to that very important subject which we shall air at the proper time which, I judge, will be when the estimates of the minister's department come before us.

[Mr. Martin (Essex East).]

With respect to what the minister termed the incident over the Soviet union, I think that was something of an understatement; I would have said "the tragic incident over the Soviet union" in these particular circumstances. The members of this group have no hesitation in saying that we think this was a stupid action on the part of the military authorities of the United States, and one which indicates a complete lack of a sense of responsibility toward its other partners in the western world. In our opinion it was an irresponsible action which was most unfortunate at this time, and we trust that the minister and the government will protest it in the strongest terms to the government of the United States, and indicate to that government the state of public opinion in Canada on this question at the present time.

I am glad to note that the minister still expresses his hope for results from and strong support for a summit conference.

I would say also, with respect to the announcement that the United States intends to resume underground tests of atomic explosions, that the policy of this party is to work for a discontinuance of nuclear tests of all kinds. The minister has frequently advocated both in this house and in statements before the external affairs committee, a similar policy. We are of the opinion that this great blunder on the part of the United States military authorities should strengthen the determination both of the minister and of the government in the days ahead to pursue unrelentingly a constructive but Canadian foreign policy.

UNITED NATIONS

UNRWA—GIFT OF FLOUR FOR PALESTINE REFUGEES

Hon. Howard C. Green (Secretary of State for External Affairs): I have a short statement to make about Canadian assistance to the United Nations relief and works agency for Palestine refugees.

In response to an appeal by the director of UNRWA, the government has decided to make a grant of $1.5 million worth of Canadian flour to the agency to assist it in providing adequate supplies of food to the Palestine refugees being cared for in various Middle Eastern countries. The number of these refugees is now about 900,000. This gift is in addition to Canada's annual cash contribution to UNRWA of $500,000.

In addition to the direct contribution this grant of flour will make to UNRWA's food supplies, it is hoped that by releasing agency funds which otherwise would have been spent on food this grant will enable UNRWA to

proceed with worth-while rehabilitation projects it has undertaken to improve the economic welfare of these refugees.

It is expected that this flour will be shipped in the near future. Provision will be made to finance this grant out of the 1960-61 supplementary estimates for the Department of External Affairs.

MOTIONS FOR PAPERS

WHARF CONSTRUCTION, MALARTIC RIVER, QUE.

Motion No. 83—**Mr. Dumas:**

For a copy of all payrolls showing the names of those employed, the period of employment and the amount paid to each person, in connection with the reconstruction, during 1959, of a wharf located on the west bank of the Malartic river, range 4, in the township of Malartic, Quebec.

Hon. D. J. Walker (Minister of Public Works): As the Royal Canadian Mounted Police are still investigating this matter, could the motion stand?

Some hon. Members: Agreed.

Motion stands.

REPRESENTATIONS ON SOUTH AFRICAN PROBLEMS, U.B.C. STUDENTS

Motion No. 96—**Mr. Martin (Essex East):**

For a copy of all correspondence exchanged from April 1, to date, between the Prime Minister and a committee of the students of the University of British Columbia, regarding current problems in South Africa.

Hon. Howard C. Green (Secretary of State for External Affairs): May I ask that this stand until the Prime Minister returns?

Some hon. Members: Agreed.

Motion stands.

AIR SERVICE CONTRACTS, DEFENCE PRODUCTION

Motion No. 97—**Mr. Chevrier:**

For a list of all contracts entered into by the Department of Defence Production with Spartan Air Services Limited, the Photographic Survey Corporation Limited, Kenting Aviation Limited, Aero Surveys of British Columbia, Survey Aircraft Limited and Canadian Aero Services Limited, between January 1, 1955 and March 15, 1960, showing the dollar value of each contract, the goods or services supplied in each case and the branch or division of the Department of National Defence for which such goods or services were procured.

Motion agreed to.

IMMIGRATION ADMINISTRATION—LETTER FROM TORONTO "TELEGRAM"

Motion No. 98—**Mr. Pickersgill:**

For a copy of any letter addressed to the Prime Minister by the Toronto *Telegram* or any reporter or editorial writer employed by that newspaper, regarding the administration of the immigration department, together with any replies thereto, since June 21, 1957.

Inquiries of the Ministry

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, may I ask that the hon. member allow this to stand until the Prime Minister returns?

Mr. Pickersgill: I am quite agreeable to that, sir.

Motion stands.

EXTERNAL AFFAIRS

PLANE FLIGHTS OVER FOREIGN TERRITORY—KNOWLEDGE BY CANADIAN OR NATO AUTHORITIES

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. In the light of the admission made by the United States that an American aircraft shot down by the Russians was on an information-gathering reconnaissance flight, can the Secretary of State for External Affairs or the Minister of National Defence state whether Soviet planes have been flying over the Canadian Arctic or other parts of Canada for the same purpose during the last two years?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, there has been no identification of Soviet planes flying over Canada. Mind you, there have been unidentified planes on occasion, but none were identified as Soviet planes.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs or the Minister of National Defence. Can the minister say whether this regrettable flight of a United States plane over Soviet territory was made with the knowledge or authority of NATO or the NATO commander?

Mr. Green: Well, Mr. Speaker, I cannot speak for NATO, but I would be fairly certain that the answer is no.

Mr. Argue: A supplementary question. Did Canada itself or any minister of the Canadian government realize that such flights were being made over Soviet territory? I should like to ask a second question at this time. Is the Canadian government prepared to protest to the United States the making of this flight and request that no further flights be made in future?

Mr. Green: We were unaware of flights of this kind being made. I think the United States government is very well aware of the feeling not only in Canada but also in various other parts of the world with regard to these activities.

Mr. Argue: Mr. Speaker—

Inquiries of the Ministry

Mr. Speaker: Order. The hon. member for Essex East.

Mr. Argue: —a further supplementary question, if I may—

Mr. Speaker: Order. I have already recognized the hon. member for Essex East.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Secretary of State for External Affairs a question arising out of the last part of his answer. Since this incident was first made known to it has the Canadian government taken any steps whatsoever to inform the government of the United States of Canada's concern about this matter?

Mr. Green: There have been discussions at the official level, Mr. Speaker, but no formal protest has been made.

Mr. Martin (Essex East): So there will be no misunderstanding as to the nature of the reply, may I ask the minister whether he is satisfied beyond any doubt that the government of the United States is now aware of Canada's concern in this matter?

Mr. Green: Mr. Speaker, I do not think there is any doubt of that. As I pointed out in making my statement earlier, it is quite evident that the government of the United States itself was not aware of these flights.

[*Later:*]

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I direct a supplementary question to the Secretary of State for External Affairs. In view of the statement he made a moment ago to the effect that the President of the United States was not aware of these flights, has the minister any comment to make on the newspaper report that the president had seen pictures taken on these flights on more than one occasion?

Mr. Speaker: Order. I think the hon. member would have to relate his question to the responsibility of the Canadian administration, and he does not seem to me to have done so,

Hon. Lionel Chevrier (Laurier): Mr. Speaker, in the light of answers to these questions may I direct a supplementary question to the Secretary of State for External Affairs, and ask him if he can say what effect these disclosures will have upon the Canadian proposals for disarmament at the summit meetings. He has replied in part to this, and perhaps he may want to add something. I should also like him to answer this question. Would he comment on the statement made by President Eisenhower that he will propose the scrapping of military secrecy at the conference?

[Mr. Argue.]

Mr. Green: No, Mr. Speaker, I would not care to comment on that statement. I did point out in my earlier remarks that we believe it is all the more important, now that this has happened, that there should be a determined attempt to reach some agreement on disarmament.

NATIONAL DEFENCE

BOMARC MISSILE—BOSTON MEETING OF CANADIAN-U.S. PARLIAMENTARY GROUPS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of National Defence. Has the minister seen reports of the Canada-United States meetings in Boston, in which it was stated that cuts by congress in spending on the Bomarc missile illustrate the need for the United States to remember the impact of its decisions in Canada? Would the minister comment on this conclusion and on the corollary which followed, that there should be more opportunities for frank exchanges of opinion on common problems?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I thank the hon. member for sending me notice of his question. I had read the report appearing in this morning's Montreal *Gazette*. I would say, as I have said before, that there has been and continues to be close co-operation and consultation both at the administrative and at the military level between Canada and the United States in all matters pertaining to the air defence of this continent. This has involved very close exchanges of opinion on all common problems.

Of course, in so far as the recent recommendations of the House of Representatives and the appropriations committee with regard to the United States defence budget are concerned, no prior information was received by the Canadian government as to what those recommendations would be. All we have received is the printed report issued subsequent to the evidence which was given, the report containing the evidence before the committee. There has been no consultation, and no information has passed between that committee and the Canadian government.

Mr. D. M. Fisher (Port Arthur): A supplementary question, Mr. Speaker. What was the status of this parliamentary delegation which issued the statement referred to by the hon. member for Laurier?

Mr. Pearkes: Mr. Speaker, I believe it was an unofficial exchange and meeting of members of the Canadian parliament and representatives from the United States.

Hon. Paul Martin (Essex East): Mr. Speaker, could the Minister of National Defence explain to the house how it was that on that committee there happened to be only members of the Conservative party?

Mr. Pearkes: I have no idea, Mr. Speaker. I thought this was the meeting which was held during the Easter recess.

Mr. Martin (Essex East): No, it was held within the last few days.

Mr. Pearkes: Well, I did not appoint them.

Mr. Fulton: The Conservative members have the initiative to do it.

Hon. Howard C. Green (Secretary of State for External Affairs): May I point out Mr. Speaker, that any representatives at this meeting were in no sense official delegates from the Canadian government. We cannot stop half a dozen hon. members from going down and holding talks with people in the United States.

Mr. H. W. Herridge (Kootenay West): Is the minister aware that United States newspapers carried articles saying that trade, the Bomarc and other questions were discussed, and that the parliamentary delegation from Canada was led by the hon. member for Vancouver Centre (Mr. Jung)?

Mr. Speaker: Order. A clear answer has already been given, which would indicate that the exchange visit which was mentioned was not in any sense official and on that account it removes it, it seems to me, from the responsibility of the minister.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to direct a question to the Minister of National Defence arising out of his answer to a previous question. I believe that my question is in order because it does deal with the responsibility of the government. I understand that the hon. members attending the meeting referred to travelled in a government plane. Is that correct?

Mr. Pearkes: Not to my knowledge, Mr. Speaker.

[*Later:*]

Mr. Douglas Jung (Vancouver Centre): Mr. Speaker, I rise on a question of privilege arising out of the questions asked by the hon. member for Essex East (Mr. Martin) and the hon. member for Ottawa West (Mr. McIlraith). First may I say, as the nominal head of the group who went on a visit to Boston over the week end, that an invitation was extended to a representative of the Liberal party to accompany it. The invitation was accepted. However, owing to unforeseen circumstances the representative of the Liberal party declined at the last moment, and there was not time to approach another person.

In reply to the question raised by the hon. member for Ottawa West, I am surprised that the question of transportation came up at all. Certainly, in no report in the press that I have seen has there been any intimation that we travelled by government transportation. Every person paid his own way down. This visit was motivated by a genuine and sincere desire on the part of Canadians who wanted to do their bit in bettering Canadian-United States relations.

Mr. McIlraith: I should like to thank the hon. member for Vancouver Centre for clarifying this matter. My question arose directly out of the answer given by the Minister of National Defence. I thought it highly desirable that it be clarified, and I thank the hon. member for Vancouver Centre for having done so.

Mr. Ricard: We are used to that kind of speech.

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. McIlraith: Apparently some hon. members on the government side were unable to hear the Minister of National Defence. Perhaps they can read his answer in *Hansard*.

Mr. Martin (Essex East): Government members are very sensitive.

FISHERIES

DOGFISH—REQUEST FOR ANNOUNCEMENT OF KILLING PROGRAM

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Minister of Fisheries and ask whether the minister can inform the house when it is intended to start this year's dogfish killing program.

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. As the hon. member knows, various dogfish killing programs have been tried and none have been entirely satisfactory. The 1959-60 program was not accepted by those engaged in the fishing industry to as great an extent as we had hoped, with the result that only about 40 per cent of the money voted by parliament for that purpose last year has been taken up.

For some time now study has been given to a further modification of this plan to make it more effective. I cannot say at the moment when further action will be taken, until a more practical program is fully evolved.

Inquiries of the Ministry

UNEMPLOYMENT INSURANCE

REPORTED REDUCTION OF FUND THROUGH FRAUD

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Labour. Has the minister seen the statement made by his parliamentary secretary in a Montreal speech as reported by the Ottawa *Journal*, in which it is said charges were made that the unemployment insurance fund was being drastically reduced by fraud and "we know fraud exists. To deny its existence would be utter nonsense." Has the minister any comment to make on this statement, and will a thorough and complete investigation of this charge of fraud be instituted at once?

Hon. Michael Starr (Minister of Labour): There have been continuous instances of fraud in unemployment insurance as it pertains to claims for benefits, practically throughout the existence of the Unemployment Insurance Act. Charges of fraud have been laid and, of course, there is quite an effort made to recoup the moneys that have been overpaid. I imagine that charges of fraud will continue to be laid. We keep a watchful eye to see that we catch those who fraudulently accept unemployment insurance benefits.

Mr. Chevrier: Has the minister any doubt about the validity of the figures of live claims for unemployment insurance benefits as given here in the house from time to time? In view of the statement made in the speech in Montreal, has the minister any doubt about the figures?

Mr. Ricard: No relation whatsoever.

Mr. Starr: I do not understand the question. Is it whether it is a correct figure that I am giving to the house from time to time. Is that what the hon. member means?

Mr. Chevrier: Perhaps, in order to make the question more clear, I should preface it with what was said, as reported again in the Ottawa *Journal*.

Mr. Speaker: Order. I think the hon. member probably goes too far in quoting. His question is perfectly intelligible. If he would repeat it perhaps the minister would understand it. I think he did not hear it.

Mr. Chevrier: The purpose of the question was to ask the minister whether he had any doubt about the validity of those figures which he himself gives from time to time—I think it is at the end of each month—in answer to questions put by the hon. member for Essex East (Mr. Martin).

[Mr. MacLean (Queens).]

Mr. Starr: Mr. Speaker, the figures I give in response to questions asked are those supplied to me by the unemployment insurance commission.

Mr. Hazen Argue (Assiniboia): May I ask the minister a supplementary question. It has to do with his statement in relation to fraud with regard to unemployment insurance benefits. Will the minister say to what extent fraud has existed, since this appears to leave some cloud over some people receiving unemployment insurance? Can the minister say to what extent, if any, this has to do with the major reduction in the amount of money in the unemployment insurance fund?

Mr. Starr: If the hon. member will put this question on the order paper I shall be glad to get the unemployment insurance commission to give that information.

Mr. Argue: Would the minister care to tell the house whether instances of fraud have had anything to do with the tremendous reduction in the amount of money in the fund? I do not think the minister should leave the impression that fraud is widespread and deleting the fund.

Mr. Ricard: You are the one leaving that impression.

Mr. Starr: I do not know how the hon. member got the impression that the reason for the depletion in the fund has been fraud; it is probably one of the things—

Mr. Argue: Your parliamentary secretary said so.

Mr. Starr: No, Mr. Speaker. It is one of the things that does have some bearing, and it has been going on and will continue to go on. Therefore if we catch it we shall try to recoup the moneys overpaid.

[*Later:*]

Mr. G. J. McIlraith (Ottawa West): I have a supplementary question I wish to ask the Minister of Labour. It has to do with the subject matter of the previous questions put to him. I hold in my hand a press clipping, the heading of which reads:

Frauds Threatening Jobless Insurance.

This is the heading over the speech made by the minister's parliamentary secretary on this subject. My question is this. In view of the charges made by the parliamentary secretary—

Mr. Ricard: There were no charges made.

Mr. McIlraith: —has the minister ordered an investigation into this matter?

Mr. Starr: Mr. Speaker, I think if I read the sentence from the text of what was said

by my parliamentary secretary to the unemployment advisory committee at Montreal on May 5, 1960 it may help. These are the words:

Before doing so, however, may I say that in comparison with the total volume of cases, fraud is almost negligible.

Mr. McIlraith: I have a further supplementary question. I should like to ask the minister what meaning he attaches to these words uttered by his parliamentary secretary, or at least attributed to him:

We know that fraud exists. To deny its existence would be utter nonsense.

CANADIAN BROADCASTING CORPORATION

ROYAL WEDDING—STATEMENT ON USE OF JET PLANES

On the orders of the day:

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, on Thursday, May 5 the hon. member for Richelieu-Vercheres (Mr. Cardin) asked the Minister of National Revenue whether the C.B.C. proposed to send planes to bring pictures of H. R. H. Princess Margaret's wedding back to Canada, and how much it would cost.

The answer is that I am informed by the Canadian Broadcasting Corporation that they did not send planes to bring back pictures of Princess Margaret's wedding. Arrangements were made, with the co-operation of the Royal Air Force, whereby the Canadian Broadcasting Corporation television material would be flown to Canada and the costs shared by others whose material would also be carried in the planes. It is estimated that the total cost to the Canadian Broadcasting Corporation will be somewhat less than $30,000.

INTERNATIONAL TRADE FAIR

REQUEST FOR REPORT BY POSTMASTER GENERAL

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I ask a question of the Postmaster General? Has the Postmaster General any report to make to parliament in connection with his trip to Paris, made for the purpose of obtaining the world fair in Montreal, which was lost by a very narrow margin?

Mr. Murphy: Why were you not here last week?

Hon. W. M. Hamilton (Postmaster General): Questions were asked along that line, Mr. Speaker, and answers were given by the Minister of Finance (Mr. Fleming) last Thursday and Friday, which dealt with the matter.

Hon. Paul Martin (Essex East): Does the Postmaster General think, as a result of his experience at this conference, that it would be in the interest of world peace to have the minister attend the summit conference?

COMBINES INVESTIGATION ACT

INQUIRY AS TO INVESTIGATION INTO PROPOSED BANK MERGER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Justice. It will be very brief, as is my practice. Does the minister consider that the proposed amalgamation of the Toronto-Dominion Bank and the Bank of Nova Scotia violates the terms of the Combines Investigation Act? In view of the continuing amalgamation of private banks in Canada, is the minister concerned about the possible development of a private banking monopoly in Canada?

Mr. Speaker: I am not sure that the hon. member's question is one that comes under the purview of the Department of Justice. If he wants to ask whether an investigation is being made he may do so, but to ask the minister for an expression of opinion in the way he has seems to be quite out of order.

Mr. Herridge: Supplementary to what I have already said, is an investigation going on in the direction I have mentioned?

Hon. E. D. Fulton (Minister of Justice): No, Mr. Speaker, there is not. In any event bank mergers, if any should come about, do not come within the anti-combines legislation. Any such amalgamation would be regulated by the Bank Act, under which they are examined by the Minister of Finance and the governor in council. I make my answer, however, on this basis, wishing to make it clear that I have no knowledge of any such proposed merger or amalgamation.

BUSINESS OF THE HOUSE

UNEMPLOYMENT—SUGGESTED INVESTIGATION BY JOINT COMMITTEE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, in view of reports of what is likely to happen in another place I should like to ask the Minister of Labour if he would consult with his colleagues to see whether it might be possible to have a joint committee of the two houses of parliament set up to investigate the problem of

unemployment, so that the representatives of the people could have some part in that investigation.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I was not aware that any committee had been set up in the other place to investigate the problem of unemployment.

Hon. Paul Martin (Essex East): May I ask a supplementary question of the Acting Prime Minister. Is it not a fact that the government spokesman in the other place has received authority from the cabinet to initiate a committee for the purpose of discussing unemployment in the other place, when that very privilege has been denied the members of this house?

Mr. Speaker: Order. The first part of the question is in order.

Mr. Chevrier: Who is going to answer?

Mr. Starr: Mr. Speaker, if the hon. member could show that a committee has been set up in the other place to deal with unemployment, I think he could then properly ask questions with respect to this matter today.

Mr. Martin (Essex East): Is the Minister of Labour not aware that notice has been given by the government leader in the other place that he will move tomorrow for the establishment of such a committee?

Mr. Starr: If the hon. member for Essex East will read the motion under which the committee is to be set up in the other place he will not find the word "unemployment" in that motion at all.

Mr. Martin (Essex East): Oh, weasel words of the government.

Mr. Starr: Mr. Speaker, the hon. member for Essex East has now said "weasel words of the government". I say to him that the word "unemployment" is not in any motion to set up such a committee.

Mr. Martin (Essex East): Will the Minister of Labour deny that if the word "unemployment" is not there words of similar meaning—

Mr. Speaker: Order. I have been following this discussion, and it seems to me that the only part of it that is relevant, and that is of doubtful relevancy, is that part asking the government whether it would consider joining in an inquiry. I say that is of doubtful propriety for two reasons. First, it seems to be rather hypothetical and, second, it seems to be asking the government for a declaration on a matter of policy. In so far as proceedings in the other place are concerned, questions of that nature are out of order.

[Mr. Pickersgill.]

Mr. Martin (Essex East): Mr. Speaker, if I cannot ask a question I am sure you will agree that I may rise on a question of privilege.

Mr. Speaker: Not to demonstrate what the motion is in the other place. I think that would be quite out of order.

Mr. Martin (Essex East): May I not raise a question of privilege?

Mr. Speaker: If the hon. member has a question of privilege he is always at liberty to raise it.

Mr. Martin (Essex East): I will state my question of privilege and Your Honour, with wise judgment, will decide.

Mr. Speaker: I have asked the hon. member to state his question of privilege.

Mr. Martin (Essex East): I was about to do that, but before doing so I wanted to pay a deserved tribute to Your Honour.

Mr. Bell (Saint John-Albert): Stop clowning.

Mr. Martin (Essex East): My question of privilege is this. Having been denied in this house the opportunity of participating in a committee to study unemployment, have my privileges as a member not been violated by according that opportunity to members of the other place, particularly when I as a member of the house along with other members can be said to represent the people of this country more directly?

Mr. Speaker: This house can only deal with the privileges within its own walls, and if we become involved in matters having to do with the other place it seems to me we are out of order.

Mr. Murphy: He will never be there.

Mr. Pickersgill: Is that a prayer?

COMBINES INVESTIGATION ACT—REQUEST FOR POSTPONEMENT OF CONSIDERATION OF AMENDMENTS

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to address a question to the Minister of Trade and Commerce in his capacity as house leader. I base my question upon the indication he gave on May 5 as to the business of the house for the present week. He indicated that on Wednesday we would consider the Combines Investigation Act amendments. In view of the fact that we have just received the printed amendments today, I would ask the minister to consider postponing their consideration until some time in the future in order that we may have an opportunity to give these amendments further study.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I announced the business of the house for Wednesday on May 6.

Mr. Howard: Mr. Speaker, on May 5 the minister indicated that Wednesday would be devoted to studying the Combines Investigation Act and the Criminal Code.

Mr. Chevrier: Look at the order of business given on the next day.

PUBLIC SERVICE

OTTAWA—REPORTED INTENTION TO CHARGE PARKING FEES

On the orders of the day:

Mr. J. T. Richard (Ottawa East): Mr. Speaker, I should like to address a question to my hon. friend the Minister of Public Works. Will he confirm or deny the report in the Ottawa *Citizen* of today that it is the intention of the government to charge a parking fee to civil servants who park their automobiles on the grounds of the government of Canada?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I have not read the article in the Ottawa *Citizen* of today, and am therefore unable to make any comment on it.

HOUSE OF COMMONS

APPOINTMENT OF COMMITTEE TO CONSIDER GREATER DISPATCH OF BUSINESS

Hon. Donald M. Fleming (for the Prime Minister) moved:

That a select committee, to be designated, be appointed to consider with Mr. Speaker the procedure of this house for the purpose of suggesting any changes that may be desirable to assure the more expeditious dispatch of public business, with power to send for persons and papers, and to report from time to time its findings and recommendations to the house.

He said: Mr. Speaker, the rules of this house are one of the most important elements in the functioning of our parliamentary institutions. There are some who treat rules and regard for rules with a measure of impatience, but I think all hon. members will realize how vital are the rules of the house.

The aim of the rules must be to govern our procedures and methods in the house and to assure the orderly, efficient, fair and expeditious dispatch of the public business. Therefore there is a need, from time to time, to examine the rules and determine whether they are best serving these purposes. The business of the house does undergo change, and sometimes these changes in the business

that comes before the house do call for changes in the procedures of the house.

The house, over the years, has been faced with an increasing variety and scope in the business that comes before it to be transacted. There is the problem also of the lengthening of the sessions. Those hon. members who sat in this house in the long sessions of 1955 and 1956, and who attended the double sessions we had in some of the earlier years, will not need to be reminded of the way in which the business of the house has been lengthening the average session. I think all hon. members are aware also, Mr. Speaker, of the fact that the world's judgment of parliamentary institutions in the commonwealth and in the western world can no longer be taken for granted as a favourable verdict. We are judged, in all the parliaments of the commonwealth and the west, by the way we transact the public business as well as by the decisions which are reached and the courses of action upon which we decide.

Five years have passed, Mr. Speaker, since the last revision of the rules of the house was carried out. Prior to that the last previous one was in 1927, and it was not as extensive as the revision of 1955. Actually the committee which tendered its final report in 1955 had sat through six sessions of parliament. This committee study arose, in the first instance, as the result of an amendment introduced by the opposition on June 12, 1951 to a government motion resolving that the house go into committee of supply. It was one of those very rare occasions in this house upon which the government has accepted an opposition amendment to a government supply motion.

The committee was appointed on June 15, 1951. The proceedings and the terms of reference may be found in *Votes and Proceedings* of that year at page 505. The motion was introduced by the then prime minister, Mr. St. Laurent, and it is probably an interesting reflection on the rate of political mortality in this house that of that original committee appointed on June 15, 1951, my colleague the Minister of Veterans Affairs (Mr. Brooks) and I are the only surviving members in this house. Later the personnel of the committee was enlarged, and in 1955 when it brought in its final report among the members who then constituted the committee and who are still members here are the hon. member for Kenora-Rainy River (Mr. Benidickson), the hon. member for Trinity (Mr. Hellyer) and four members on this side of the house who are now ministers.

There had been earlier reports from the committee and decisions taken in the light of its recommendations to alter the rules of

the house. As the result of one of those recommendations the hours of sitting were changed, the hour of sitting in the afternoon being advanced from 3 p.m. to 2.30 p.m. and the hour of daily adjournment being advanced from 11 p.m. to 10 p.m. As the result of a later decision, the Friday evening session was eliminated and a Friday morning session introduced.

The terms of reference of the committee now proposed under this motion are precisely the same as those under which the earlier committee to which I have referred operated and introduced its final report in 1955. Indeed, from the beginning, in 1951, the committee's attention was directed by the house in these words, "to assure the more expeditious dispatch of public business". The interpretation given to those words in the committee year after year, I may say, was broad enough to include improvements that might be judged desirable by other standards as well. The final report of the committee was introduced in June, 1955, and that report may be found at page 705 of *Votes and Proceedings* for June 14, 1955. It was a very extensive report, occupying some 66 pages of *Votes and Proceedings.*

The report of the committee was unanimous, although it was quite clear that unanimity was reached only as the result of compromise and some of the members of the committee, myself included, indicated that some elements of the report could only be supported by reason of accepting the report as a whole, on balance. The debate on that report began on July 1, 1955, and the report was finally concurred in on July 12, 1955.

Out of that extensive revision of the rules came some major changes. One calls to mind some of them, Mr. Speaker. First, there was the introduction of the limit on the debate on the speech from the throne, limiting that debate to 10 days in all with morning sessions. The second was the limitation of the debate on the budget to eight days; the third was the limitation of the number of supply motions to six, with a total of 12 days devoted to them; another was a reduction from 40 minutes to 30 minutes in the time accorded any hon. member when speaking in committee. A new procedure was also introduced in respect of the tabling of documents in the house.

Let me say just briefly, Mr. Speaker, that while in every case it might have appeared to some hon. members that the changes had the effect of introducing a curtailment, in some degree or other, of the rights of hon. members to engage in discussion or in otherwise unlimited discussion, I doubt very much if any hon. members today, after the experience we have had in working under these rules for the last five years, would ever wish to go back to the old rules or to repeal any of those changes that were introduced in 1955.

I am sure hon. members are aware that the mere revision of the rules of the house will not bring to perfection the proceedings of this house. There is the old and continuing problem of the enforcement of the rules. A former clerk of this house, Dr. Beauchesne, once said that if the rules of the house were enforced there would be no need whatever for revision at any time. He was referring particularly to the reading of speeches in the house which, of course, is prohibited by a rule which has been very difficult to enforce. Another of the rules is the one forbidding repetition in debate. There are other factors that must enter into the discharge of public business, such as the observance of the rules; the number of political parties represented in the house; the extent of the co-operation that exists in the transaction of the business, and so on. In addition there are such matters as the use of the committees of the house to transact as much of the business as can usefully and properly be transacted in committees without occupying the time of all hon. members. I think it may be said that committees of the house are being used today to the greatest extent in the history of this house. This leads to a more thorough review of the business of the house referred to such committees. There are some hon. members who will not be so certain that the time of the house has been thereby economized. Similarly, by giving more advance notice of the business of the house a contribution has been made toward expediting that business.

One other matter that was mentioned in earlier debates was the contribution to the expedition of the business of the house that ensues from carrying on debates so far as possible on a continuous, uninterrupted basis.

In connection with this proposed new study of the rules by a committee of the house, suggestions have been made from time to time as to various improvements which might be made in the house. The suggestions, indeed, are numerous and varied. It will be for the committee to study and assess them as it may see fit. There is, of course, Mr. Speaker, the matter of the rule respecting closure. I trust that the committee will be prepared to examine and report to the house on that rule.

Suggestions have been made from time to time about the method by which we vote in the house. One hon. member suggested in an entitled to comment on it, has confirmed in

to the introduction of mechanical devices such as have been employed in the House of the People in India.

Suggestions have been made that there are more supply motions provided for than are necessary. Some quarrel has been taken with the fact that on three of the Mondays precedence is given to private bills over private members' resolutions. Suggestions have been made from time to time about arriving at limited debates by agreement.

These are but a few of the suggestions which have been made from time to time and which I am sure the committee will think it profitable to study and report upon.

May I offer the view that the committee, if the house sees fit to set it up, may well study the means of improving the efficiency of our methods in the house and the dispatch of the public business in the most expeditious manner possible without the sacrifice of the essential rights of members. In this task I think the new committee may enjoy an advantage that was not enjoyed by the committee which sat from 1951 to 1955. At that time all of the members on the government side had had no experience in opposition, and all of the members on the opposition side had had, I think, no experience in government. That situation has been changed since and I think that those or some of those on the committee who are appointed from the government side of the house will have had experience on both sides of the house; and it may be expected now that those, or at least some of those who are appointed from the opposition side will have had experience on both sides of the house. This may well influence the views of members of this committee on some of the questions which come before it.

The committee will have the advantage of having as its—I do not say chairman, but as its, shall I say, moderator—the Speaker of the house. This is a committee that is appointed to assist Mr. Speaker in this study, and the benefit of his experience and his observations will be available to the committee as well as his opinion as moderator of meetings.

Mr. Benidickson: Mr. Speaker, may I ask the minister a question? I believe in the previous committee Mr. Speaker was made chairman of the committee. Is the government going to make a similar recommendation to this committee?

Mr. Fleming (Eglinton): Mr. Speaker, your predecessor was not appointed chairman of the committee. The committee recognized that it was appointed by the house to assist Mr. Speaker. Mr. Speaker of course presided, but I do not think the designation "chairman of the committee" is a proper one to apply to the Speaker. He presided at the meetings of the committee; the house designated the committee for the purpose of assisting Mr. Speaker.

Finally, Mr. Speaker, may I say that in the light of the length of time which was devoted to the study of the rules by the previous committee, I do not think the house will expect the committee to come forward with a final report at this session. If that should be the case, I am sure the house will be pleased to set up the committee again at the next following session to continue its work. The appointment at the present session, however, will at least launch the committee and enable it to carry forward its work. If the committee should see fit to make recommendations about changing the rules at this session, that matter will have to be considered however the report is received.

I am sure it will be the wish of this house to demonstrate, not only to the people of this country but to others elsewhere who may be interested in watching the course of parliamentary government, that this parliament, the offspring of an ancient institution, retains all the virility and vigour required to enable it to undertake and to make such adaptations as may be required in the proceedings of this house to increase its efficiency, its decorum and its dispatch of the public business.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I am sure all hon. members will welcome the action being taken by the Acting Prime Minister (Mr. Fleming) in moving to set up this committee for the purpose of considering with Mr. Speaker the procedure of the house for the purpose of suggesting any changes that may be desirable to assure the more expeditious dispatch of public business.

I was happy to note that in his remarks the Acting Prime Minister made it clear that he viewed those words as having the same meaning which was given to them by a previous committee of a previous parliament dealing with this subject. I take it that by his remarks he means he views the work of the committee as that of suggesting improvements in the procedures in the House of Commons. With that we all concur.

I also noticed with interest his reference in the earlier part of his remarks to the world's judgment of parliamentary systems. Any experience I have had in parliamentary matters over the years, and I think I am entitled to comment on it, has confirmed in

me the very strong conviction that of the competing systems of government throughout the world the one system that offers to all human beings in any given country the best guarantee of the protection of their individual human rights and liberties, and the best method of guaranteeing those rights and liberties and evolving them into a working system regulating their day to day lives in political matters, is the parliamentary system. We are fortunate enough to have inherited that system.

Bearing in mind the tremendous increase, of necessity, in governmental activities—that is, governmental activities in all manner and types of relationships to the individual citizen of the country—it is well that we examine periodically our procedure to make sure that the machinery through which the elected representatives of the citizens operate is working efficiently and that it gives full opportunity to those elected representatives to well conduct the country's business.

I take it that this is not a party matter; at least, I so view it. I view it as something pertaining to the rights of all members of the House of Commons; that is, all members regardless of where their responsibilities may lie, whether as members of the government, whether as government supporters, whether as members of the opposition. It seems to me that the whole basis of our system lies in the guarantee that the individual member, no matter what may be his particular responsibility, has his rights assured so that he may make a government answerable for its action —I shall have something to say on that later in my remarks—or that he may voice a grievance or assert his views as to the wisdom or otherwise of a particular policy. It is the guaranteeing of those rights which is important and, having guaranteed those rights, so organizing and so arranging matters as to make efficient use of the time available in any given parliament.

There is one subject upon which I owe it to myself to express a view. I was somewhat surprised to hear the hon. gentleman refer to the subject of closure. Closure became the subject of political debate on the hustings, and I think all members will agree that the Prime Minister (Mr. Diefenbaker) made a definite commitment on the question of the closure rule, indicating that the government would deal with it. The hon. minister's remarks today gave an impression which I hope he did not quite intend. That commitment, to which I have referred, having been given by the Prime Minister, I hope it is not the intention to place it on the shoulders of a committee charged with advising Mr. Speaker. A stand has been taken on this subject and I think the minister will understand my suggestion that, after reflection, he might take a somewhat different attitude. I should hate to see the work of the committee impeded by having to deal with this controversial subject, taken from the shoulders of the Prime Minister and the government of the day where the Prime Minister has placed it by his own actions, having made his representation with regard thereto to the people of this country. I think it is very important that the position of Mr. Speaker, be preserved at all times, and that there should be no question about a burden of this kind being placed on his shoulders. So I hope the Acting Prime Minister will understand my remarks—

Mr. Churchill: You mean the former acting prime minister.

Mr. McIlraith: The former acting prime minister? I am not out of date, because the government did not announce the change. Then I hope the former acting prime minister, who also proved his great ability in an acting capacity in another field, will not misunderstand my remarks on this point, but that note will be taken of them.

With regard to improvements in the procedures of the House of Commons, although we note the hon. gentleman's reference to a quotation from a former illustrious clerk of this place to the effect that there was no need to amend the rules, we must bear in mind that members of the House of Commons are human beings and, as such, have human frailties. This being so, it is necessary from time to time to examine the rules in order to see if they should not be amended. As a matter of fact I, for one, am quite content with the fact that members of the House of Commons have human failings. I think that is a fortunate thing, and I should hate to see any other concept of society being asserted in this country.

An interesting question arises when we come to consider the procedures of the House of Commons. There is, of course, that part of our procedure which relates to the government itself, and which is not governed by the rules. Considerable responsibility lies on the government of the day with regard to bringing forward public business in an orderly way so as to permit the fullest discussion and the fullest assessment of the opinion of the house with regard to it. As an example of what I have in mind, it is interesting to note that we are today discussing this motion to set up a committee on the seventy sixth day of the session. On the last occasion when a subject of this kind was under consideration the debate on the motion to set up a committee was brought forward on the seventh day of the sitting of the house.

This raises the whole question of the timing of the bringing forward of public business for decision by the house. This can only in a very limited way be determined by the rules. All hon. members would probably agree that it is not desirable that a government be unduly restricted by the rules as to the time at which matters are brought forward for debate and discussion; on the other hand, it is highly desirable for the efficient functioning of the House of Commons that the government should exercise great wisdom in the timing of bringing forward items of public business. I am never quite sure whether the leader of the house requires other attributes as well as wisdom as a qualification for that office. Sometimes I think he should be possessed of intuition as well as wisdom. However, this is not intended as a criticism of the government of the day as far as the bringing forward of matters for consideration by this house is concerned. I wish, rather, to point out that this most important part of our daily procedure is not governed to any substantial extent by the rules.

Along with our consideration of this question there is another matter that might be mentioned, namely the whole question of a period of time which ought to elapse between the first reading of a government bill and its coming forward for second reading. It seems to me that a reasonable period of time should elapse between first and second readings of a government bill. For some time I have felt that insufficient attention has been paid to this small, but important, detail, and that the time of parliament could be saved, and a better—a more efficient—debate could take place if a proper period of time were to elapse. I believe that in earlier times, in another of the parliaments about which we have heard so much, there was a requirement of a 10-day delay. That protection has been removed, I believe, though I have not had an opportunity to verify the fact in preparing for this debate.

Then there is the whole question of committees. I have been very much concerned with what I consider to be the substantial damage being done to the procedure in the House of Commons because of the inordinately large number of committees now sitting. I doubt if the government itself realizes —because government members are not usually members of committees—the number of committees which are sitting and the frequency of those sittings. I wish to develop this subject today, because I hope the government will look into the matter.

Mr. Pallett: I wonder if the hon. member will permit a question. When he said "government members" did he mean that in a narrow sense?

Mr. McIlraith: I meant "members of the government".

Mr. Argue: He meant it in the correct sense.

Mr. Pallett: "Narrow" is the word.

Mr. McIlraith: No. I am sorry.

Mr. Pickersgill: Does the hon. member for Peel consider himself a member of the government?

Mr. Pallett: A supporter.

Mr. McIlraith: We now have a sharply increased number of committees sitting. I have not attempted to work out a tabulation but it would seem that we have about twice the number currently sitting that ever sat in any parliament since confederation. Although the government leader suggested bringing the business to a conclusion the other day we have not even at this time set up all the committees for which notice has been given on the order paper or indicated in the throne speech.

That brings me to this point. The practice in former days when there were very few committees was to have large committees. We now have some dozen or so standing committees as well as many special committees. I should like to place on the record the number of members on these standing committees. The committee on privileges and elections consists of 29 members; the standing committee on railways, canals and telegraphs, 60 members; the miscellaneous private bills committee, 50 members; the committee on banking and commerce, 50 members; the public accounts committee, 50 members; the committee on agriculture and colonization, 60 members; the committee on standing orders, 20 members; the committee on marine and fisheries, 35 members; the committee on mines, forests and waters, 35 members; the industrial relations committee, 35 members; the committee on debates, 12 members; the committee on external affairs, 35 members; the joint committee on printing consists of 23 members of the House of Commons and the joint committee on the library of parliament consists of 21 members of the House of Commons. In addition there are a great number of special and select committees having in each case a very large personnel.

This has brought about a gradual change over the years that has been sharply accentuated in the last two or three years. The large number of members on each committee

means that each member of the House of Commons is on a great number of committees. The committees of necessity must meet concurrently. The result is that we have developed the practice over the last decade or so of having what one hon. member aptly described as a group of nomadic members moving from committee to committee, spending a few minutes at each committee sitting or indeed not attending committee sittings at all or not attending the meeting of a particular committee for days on end.

That is not an efficient way of doing committee work. I would hope that examination would be given to the question of the size of committees and the time of setting them up. The time of setting them up is not governed by the rules but is controlled by the government. The number of members, however, would be a matter for changes in the rules. Those changes could be made if my view is shared by other hon. members who may think it desirable although I recognize that some hon. gentlemen may have sharply differing views. I merely seek to indicate the present difficulty which in my opinion, for what it is worth, the committee ought properly to examine.

There is one other significant thing. A great deal of difficulty arises from committees sitting while the house is sitting. That difficulty would disappear if the committees were smaller. Incidentally, I know one ought not to make personal references but the experience I have had in committee work over the years supports the view that smaller committees are much more effective. The problem of attendance and the problem of conflicts with sittings of the house simply disappear if it is a small committee.

I think it is a legitimate comment to say that many supporters of the government find extensive committee work rather desirable because while technically they have as full an opportunity as anyone else to participate in house debates, in practice they do not always have as full an opportunity as they might wish when debates are limited either by the rules, as with the throne and budget speech debates, or on other occasions. It is simply not mechanically possible with large majorities. Indeed, I noticed that this matter was raised in the early sittings of the earlier committee on procedure. At that time it was thought that the government of the day had a large majority but the present government has an even larger majority than when this point was raised.

If an hon. member could be on one or two committees in a parliament instead of five, six or seven as at present he would find it possible to attend the sittings of the committee and to take up the subject it is studying as his major and special activity. I have the feeling that it would enable fuller participation in the work of parliament on the part of that committee member. It would provide more effective participation and would give the hon. member an opportunity to develop as an expert on that subject because of his accumulated experience on the committee and his extensive study of the subject.

There are other matters of this nature that could be dealt with. One question that has bothered me is the period of the day in the ordinary day's sitting before orders of the day are reached. I refer to that whole period covered by the routine proceedings, the question period. It seems to me there should be examination given to a more effective use of that period. While I supported the change in the rules made in 1955 I now find in the light of experience one of the changes has represented a retrograde step although many of the changes in the rules I supported at that time have proved effective. The retrograde step to which I refer relates to questions. We now have on the question hour three types of questions, starred questions, written questions on the order paper and oral questions.

In 1955 a change was made concerning questions on the order paper. Instead of having them answered in the House of Commons, which was a very short procedure, they are not now further dealt with in the house at all but rather are answered by the appropriate minister filing with an official of the house the written answer. The appropriate official then sends notice to the person asking the question. That may be done at any time of the day. It is most unsatisfactory from the point of view of the person asking the question. In my view it is also highly unsatisfactory from the point of view of the procedure in the House of Commons and the loss of time involved. A consequence of the inefficiency of that procedure, because of what I have said and also because of the fact that the answers to questions are not printed with other similar types of information in the *Hansard* record but rather are printed at the end of *Hansard*, is that an hon. member is virtually compelled to decide whether or not he will make his question a starred question or try to frame it as an oral question. The result is a clumsy thing from the point of view of anyone referring to *Hansard*, a loss of time in the house itself and an unsatisfactory procedure from the point of view of the one asking the question.

I would hope that that matter could be examined. For my own part I should certainly like to see the written questions

answered at the appointed time during the proceedings in the House of Commons simply by the minister indicating the number of the question if he is answering. This is a very short procedure. It would have the virtue of having the questions printed in the appropriate place in *Hansard,* and all of this would tend to eliminate the great number of starred questions which require an oral answer, sometimes quite lengthy. It would obviate the necessity of them, and it would also obviate the necessity for asking some of the oral questions on the orders of the day.

There are other matters which require attention. Probably there should be some examination of the reason for and an explanation required when an order of this house is not, for one reason or another—sometimes a very good reason—presented to the house within a required limit of time. There are some very bad examples of delay. For some of them there are reasonable explanations. In others, it is not so clear; there is no explanation. But, in any event, these are lesser problems which may require to be looked at. It seems to me they require the attention of the committee.

There is a rather interesting thing about this committee. It will have the benefit of the excellent work by the earlier committee on this subject; it will have the advantage referred to by the former acting prime minister of the day, if I may use an apparent contradiction in terms, and there is also the very good report from the select committee on procedure in the United Kingdom, ordered to be printed February 15, 1959. There is all that great fund of material available.

There is one other matter of which we should take some cognizance. When the changes were made in 1955 concerning the matter of the motion to go into supply it was decided that a vote would be required at a point of time on the evening of the second day. After that period and up until ten o'clock there is an opportunity for any member of the House of Commons to express a grievance against the government of the day. I think that that procedure might be looked at because, with the wider activity of government in an ever widening field—and that process has been continuing for many years and I expect it will continue as time goes on—it is desirable that some clear opportunity be given a private member to assert a grievance against the government; also that the appropriate minister concerned be given a designated opportunity to reply. As the procedure now stands, if there is an amendment to the amendment of the motion to go into supply, the amendment to the amendment, under the rules, is put at 8.15 on Tuesday evening. It is voted on; then the bells are again rung, requiring the usual lapse of time before the vote on the amendment itself is taken.

It is a small thing, but the extra 15 minutes or 20 minutes there could be very useful and better used in the interests of parliament, in the interests of governing the affairs of the country, by a private member asserting a grievance with correspondingly an appropriate amount of time given to a minister. It may be necessary or desirable, Mr. Speaker, to strengthen this right of members to assert grievances, in view of the changed procedure and the limitation of the time taken for the supply motion, but also in delimiting it to protect the government and the appropriate minister in making a reply. In other words, the former practice, prior to the change in the rules, was that a supply motion was not restricted to any given length of time. All the minister had to do was to wait and then to take as much time as he wished to reply. That was not satisfactory; but there is, however, a period of an hour and 10 minutes or an hour and 15 minutes for the whole matter of grievances. That whole subject should be looked into.

Under the old procedure there was no limit of time for a statement of grievances by members of the House of Commons and there was a tendency in deference, Mr. Speaker, may I say that this was a difficulty that I am sure all Speakers had—to have a general debate on the subject of whatever the grievance was. It is a very difficult point to determine.

There is a whole subject there because this matter of voting supply is one of the most important functions of the House of Commons. We have, I think appropriately, limited the time of the supply motions but we have not sufficiently protected the use of the remaining time for the assertion of grievances or the statement of grievances by individual members of the House of Commons.

Then, there is another thing—

Mr. Speaker: I am sorry to interrupt the hon. member's discussion of the rules, but there is a rule which compels me to do so and to advise him that his time has expired.

Mr. Argue: Mr. Speaker, my knowledge of the rules is not adequate but I thought the first speaker of the official opposition on any government motion had unlimited time. I may be in error but that was my impression. Maybe it is in reply to a want of confidence motion that the first speaker has unlimited time.

Mr. Fleming (Eglinton): No; when speaking in opposition to a government motion.

Appointment of Committee on House Rules

Mr. Argue: Mr. Speaker, I think it is in order for the House of Commons itself to deal with its procedure from time to time as laid down in the rules. Of course, this requires that a motion be passed and that Your Honour, in the words of the former acting prime minister, will act as a moderator of the committee. I think we are particularly fortunate in this parliament in being presided over by Your Honour and I feel that there is every possibility—

Mr. Speaker: Order. The hon. member has raised a point of order which I think is quite correct and which I improperly interpreted. The hon. member for Ottawa West has unlimited time and I offer him the floor again if he wishes to proceed.

Mr. McIlraith: Mr. Speaker, I have no desire to prevent the house from hearing the leader of the C.C.F., but if I may be permitted to take a moment I should like to continue.

My view of the whole matter is that it is of the utmost importance, at a time in human society when there are competing systems and when our system, as was correctly stated by the minister in moving the motion, is under the test of world opinion, that we take cognizance of just what our practices and procedures are.

Without wishing to trespass on the time of the house although the rule gives me the right to do so—I will not take more than a very limited time. I want to make reference to an editorial which I read in the Ottawa *Journal* on May 7, 1960, not on this subject but on a related subject. I thought it was very good. It is entitled, "Bureaucracy Must Be Kept Under Constant Watch". The point of the editorial had to do with a speech delivered by Viscount Kilmuir, Britain's lord chancellor, at the University of Chicago law centre. The editorial contains this quotation from his speech:

> Governmental bureaucracy must be kept under constant watch. A large number of regulations affecting the lives and homes of citizens have poured from the government; all manner of tribunals outside the ordinary courts of law have been set up... Procedures have been devised which appear to many of us to be dangerously restrictive of the liberty of the subject.

Then the editorial goes on to say:

> Our modern economy being what it is, life now being so desperately complex, governments are compelled to delegate authority, to set up boards and commissions to do things which they themselves cannot do. But this should never be permitted to mean that the citizen is deprived of his rights, and especially of the inalienable right of his day in court.
>
> That is what is meant by the saying about eternal vigilance being the price of liberty. And this vigilance, it should be added, is not something to be exercised with respect to bureaucrats alone; it must be applied to cabinets as well, to cabinets whether they are Liberal, Conservative or of any party whatsoever.

The editorial was not intended to apply directly to the subject now under discussion, Mr. Speaker, but I think it does. In my opinion it is very relevant and important. The government of necessity is engaged in a great number of activities but the necessity of the government, because of the volume of public business to be brought before the House of Commons, to seek methods to expedite the business of the house should never be permitted to bring about a situation where any member of the House of Commons elected as the representative of citizens of this country is deprived of his rights and especially of his inalienable right to his day of argument on the point at issue.

The observation in the editorial that the price of the preservation of our system, with the benefits which I believe it confers on the human beings making up this country, is eternal vigilance is equally applicable. There must be eternal vigilance over the practices of parliament, over the correct procedures to apply to assure all members that their rights will be preserved, to assure the government of its right to bring forward its business and have it dealt with, to assure individual members of the opposition of their right to bring forward their grievances and to assure them of their right to make the government answerable to the elected representatives of the people.

In welcoming this motion, Mr. Speaker, I express the wish that the work of the committee may be useful in improving and strengthening our system of government.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I said a moment ago that I was quite sure that a committee working with you as moderator would have every possibility of reaching some general agreement on proposed changes in the rules. I agree with the Minister of Finance (Mr. Fleming) when he says that our type of society and our parliamentary system in the western world are on trial today and that it behooves us to do everything we can to make them efficient and, I would add, to make them operate in the interests of the ordinary citizen of this country. The rules of the House of Commons are absolutely essential to our parliamentary system of government. These rules make provision for the government to accept its responsibility as the government of the country and for the government to accept the responsibility of introducing legislation into the House of Commons, but they also give members of parliament, particularly members of the opposition, the right within the rules to speak

out, to commend if desirable and to criticize at length anything that we feel is undesirable.

The basic foundation of our parliamentary procedure is set out in Beauchesne, third edition, citation No. 1. That citation reads as follows:

> The principles that lie at the basis of English parliamentary law, as Bourinot so aptly says, are: "to protect a minority and restrain the improvidence or tyranny of a majority; to secure the transaction of public business in an orderly manner; to enable every member to express his opinion within limits necessary to preserve decorum and prevent an unnecessary waste of time; to give abundant opportunity for the consideration of every measure, and to prevent any legislative action being taken upon sudden impulse." In a close contest when the house is considering a highly controversial measure, the positions of parties are equalized; the government side may rely on its majority but the opposition is strengthened by the rules of procedure which both are bound to preserve and which the Speaker must enforce.

I believe that the members of the opposition parties who comprise the minority have the right to criticize legislation at length, at great length if in their opinion they feel it desirable, but that the government and parliament itself have the right to come to decisions on various questions before the house.

As the Minister of Finance has said, a committee of the house made a report in 1955. As a matter of fact, the changes then were really the first and only substantial alteration in the rules of the house since confederation. On other occasions steps have been taken to change the rules but these steps involved particular circumstances and the changes were not widespread.

In 1912 and 1913 a filibuster occurred and there was consideration of rule changes following the filibuster. In 1927 certain reforms were instituted but again not of the widespread nature of the reforms in 1955. After changes were made in the rules of the house in 1927 we went on for a number of years before any further move was made to alter the rules. The next motion to appoint a committee was moved in May, 1940, but further action was not taken because of the special emergency war conditions at that time. In 1944 a procedural committee made certain proposals which were studied in committee of the whole but never reached the house for decision. In 1946 a similar committee was appointed. In 1947 a report was made. On January 25, 1948, the Speaker's report was tabled in the House of Commons but nothing was done to bring it into effect. As the Minister of Finance has said, we continued until 1951 when a further committee was established and as the culmination of its work over a long period of time changes in the rules were adopted in 1955.

79951-0—233

I point this out merely to show that the rules of the Canadian House of Commons have been effective. We have been able to conduct our public business under those rules, almost without change, for a very long period of time. There were some changes in 1955, and we have been conducting our business under those rules since that date. I do not know, myself, what the government has in mind. I do not know, for example, whether or not the cabinet has come to some general understanding as to what rules it feels should be changed or even as to what the objective should be.

I am not one of those who view parliamentary proceedings, as they now are, with great impatience. I am not one of those who feel that one of the most important things is to shorten the session and get out before a certain target date, to wrap up the business so that members can proceed to some other occupation. As I see it, the work of a member of parliament is becoming more and more a fulltime occupation. While we are always open to consider proposed changes in the rules which may be of benefit, those changes should not be hastily arrived at and the objective should not be to have a parliamentary session of a particular number of days or a particular length of time. These are not the main objectives that we should be considering in discussing the procedures of this house. I am all for the expeditious conduct of the business of the House of Commons; I am in favour of that, but one should not assume that it is always the opposition that carries on a given debate for a length of time or that that is the reason a certain procedure is taking a long time.

Mr. Martin (Essex East): That certainly applies to the Minister of Finance.

Mr. Argue: The members on the government side of the house have been trying to get into the debates in recent sessions. As a matter of fact, for the first time they have insisted on a procedure of alternate speakers from the government side of the house with a speaker from the opposition side of the house. In other days we would quite often go around the parties. If one will look over the records of the House of Commons, I am quite certain I am correct when I say that in those debates the great majority of the speakers came from the opposition side of the house. Therefore, when members of the government party wish to become active they should not become more active at one moment and then, at the next moment, hurl accusations at the opposition about delaying tactics which are preventing parliament from adjourning on their favourite target date.

There is another thing, Mr. Speaker. I am not trying to be critical of the government in this respect or of any member of the government, but I think there is a good deal of knowledge that comes with experience in connection with how the program for the House of Commons can be laid down for the efficient dispatch of the business. If the government wishes to delay the house, then I say here is the way to delay the house. They should take a controversial piece of legislation, announce it for debate one day and then postpone the debate for another week. If you could find four or five controversial pieces of legislation, you probably would not need to announce any other business because if you give 265 members a chance to consider making a speech, or making a second speech, you will get all kinds of speeches in the house.

In my opinion the only way to manage the affairs of the house and the legislation to be discussed is to take an item and stick to it until it has been concluded. Then you could go to another item of business. This hop, skip and jump method we have seen during this session, so far as the work of the house is concerned, I think has played a large part in the lack of progress, if you wish to put it that way, in this session.

Mr. Churchill: Will the hon. member permit a question? The hon. member said he was not being critical, but he is now being critical in talking about the hop, skip and jump method of dealing with legislation in the house. Would he give an example of this?

Mr. Argue: I could refer to Bill No. C-56, the tax-sharing arrangements act, which has been going and coming. My colleague mentions the trans-Canada highway bill, and that certainly has been dealt with by the hop, skip and jump method. I think if the house leader would discuss with some of us the mapping out of the business of the house it would lead to a more orderly discussion and more orderly dispatch of the business of this house.

I do not believe there is any substitute for good will and good relations. Even if you make the rules restrictive I do not think you would gain the expeditious dispatch of public business half so well as you could by discussion and by agreement amongst the parties. If we are not adult enough to make some progress by such a method, then democracy will be in a bad way. Trying to throttle—this is no reflection on anybody—the members by prospective changes in the rules will not accomplish that result.

I have said that there is one way to conduct the affairs of the house that would lead to the dispatch of business. This motion before us is an example of how not to do it, although immediately I qualify that statement by citing the reference of the Minister of Finance to the effect that in his view it was not likely the report of this committee would be adopted during this session. He said something later about an interim report, and perhaps we could act on that.

Mr. Fleming (Eglinton): I do not believe the hon. gentleman heard me correctly. I said it is hardly expected the committee would make a final report at this session.

Mr. Argue: I accept that as being what the minister has said. I take it, then, that certainly the final changes in the rules will not be made at this session, unless there is unanimous agreement in the committee. If there is unanimous agreement, then I would be all for making any changes, any improvements, any moment we could reach that kind of agreement.

When the committee was set up to deal with the rules during the session of 1953-54 it was established on November 27, which was the twelfth day of the 1953-54 session. On January 14, 1955, the rules committee was established and, Mr. Speaker, that was the sixth sitting day of that parliamentary session. We are dealing with the initial stages of the establishment of this committee now, and I believe this is the seventy sixth sitting day of this session. Obviously, this is not the way to bring about the establishment of probably the most important committee this session, certainly so far as the rights of parliament are concerned, namely to have the initial discussion of this motion on the seventy sixth day of the session. It was mentioned in the speech from the throne when parliament opened, and I would suggest that this debate might have taken place months ago and the committee could have been set up and have considered the vastly important work being referred to it.

We had some changes in the rules in 1955, and I think in general the changes in the rules were beneficial. But I do want to point out some of the disadvantages that I feel have resulted from those changes in the rules. We have a fixed throne speech debate of ten days. We have a fixed budget debate of eight days. This may be resulting, I am not sure, in a shorter throne speech debate and a shorter budget debate than would otherwise occur. I think probably it means a shorter throne speech debate because of the morning sittings. But what has been the result? Certainly the effect as far as the country is concerned, as reported by our friends above us here, is that the debates are dead; the debates are inconsequential; that members are just waiting and everybody is waiting till the

tenth day is reached and we can get on with some real business. That is the attitude toward the budget.

I think there is a tendency when you embed a closure rule in the book or a series of closure rules—and that is what they are—to remove much of the vitality of the House of Commons. Reports go abroad, and I feel they are accurate generally, which say that when we have a fixed debate of one day on something, or two days, or ten days on the throne speech or eight days on the budget, the debates are dead, they are inconsequential, and everyone is just waiting around until the vote is called. The only thing you can draw from that is that we could have either wide open-ended debates or perhaps we could look at the length of the debate provided by the rules themselves. But I do feel that the best of parliamentary debate takes place when the members are not facing a fixed closure on the bill or the motion they are considering.

There were other changes in the rules brought about at that time, not all of which I think have been beneficial. There is one rule I would like altered. I do not put it forword as the most important rule in the book, but I think that as it used to be in the book it was better for parliament than it is today. I refer to the periods of time allowed for consideration of private and public bills. Under the old procedure, every Tuesday and every Thursday for a one-hour period the House of Commons devoted itself to discussion of private and public bills.

Mr. Broome: Would the speaker permit a question?

Mr. Argue: Yes.

Mr. Broome: How many public bills have we been able to discuss this session?

Mr. Argue: We have not discussed many public bills, Mr. Speaker—

Mr. Broome: And can the speaker tell us the reason?

Mr. Argue: —but we have discussed a lot of private bills, and when hon. gentlemen opposite have made the request that we go to certain private bills having to do with companies of various kinds we have proceeded expeditiously momentarily to their discussion.

Mr. Broome: I am talking about the other private bills.

Mr. Argue: I know exactly what the hon. member is speaking about. I was saying that these two one-hour periods are devoted under the rules to discussion of private and public bills, with the exception of such allotted time during the course of the throne speech debate and the two days covered by supply motions. If instead we reverted to the old rule whereby during the speech from the throne and during debate on supply motions we had this one hour for private and public bills, I feel it would be a better use of the time of this house.

I can remember, Mr. Speaker, and I am sure many members of the Conservative party can remember, the debates we used to have on interest bills when those bills came up perhaps every other Tuesday or every other Thursday. They came up rather frequently because there were more periods of time allocated for their debate. There used to be great consideration given to those bills when they were placed on the order paper by hon. members, and I think beneficial results took place. I believe that if the bills placed on the order paper having to do with high interest rates in the country had not been placed we would not have made the advance which was made, small as it was, of exercising some greater control over the interest rates returned by small loans companies. That is a question which I hope the committee will consider when the rules are before it.

I think that in addition to considering the efficient dispatch of business itself we should consider how we can make the House of Commons more effective in dealing with public questions which are of great importance. I know there is a temptation for government members to say that the thing to do is to have an expeditious dispatch of government business, and there is an inclination perhaps on the part of members of the opposition to discuss at great length the questions which members of the opposition think are important and are burning political questions.

I would like to see consideration given by this committee to the question of what changes there might be in the rules so that parliament, the government and members of the Conservative party, along with members of the opposition parties, might consider some of the basic, fundamental economic issues which face the people of this country in such a way as to bring about improvements in legislation. I think the committee should have a greater opportunity to make recommendations to the government. If anything, I think perhaps there has been some improvement in this regard from this government as compared to the former government.

I am not trying to make the point that things are getting worse, but I think it is a ridiculous procedure for a committee of this house to consider at great length burning questions and then, after their consideration,

to proceed in camera and have the chairman of the committee get up and say "Well now, this is the report", which I suggest he obviously has had written by the cabinet minister involved or it has been written in the cabinet minister's office.

Mr. Fleming (Eglinton): Oh no.

Mr. Argue: Oh, the Minister of Finance has never heard of this of course, and the majority members nod to each other.

Mr. Fleming (Eglinton): Mr. Speaker, both the hon. member and I have heard of it before, but I can assure him it is not done now.

Mr. Green: We are too busy to spend our time doing that.

Mr. Argue: I do not know, Mr. Speaker. I guess some of the members on the government side get their knowledge by a system of osmosis, because whether it is done in the cabinet or not they seem to have a very good idea of how to keep the government off the hook and not embarrass any hon. members.

What I am hoping can be done is that some greater leniency be given as far as committees are concerned and as far as recommendations are concerned. I do not want to adopt the United States system, I am not advocating that; but I do think that committees under our procedure could be strengthened. I would suggest, Mr. Speaker, that we consider the possibility of making provision within the rules for the continuation of committees of the house which are considering important public business so they can meet between sessions. I think it would be of advantage to the country to have such committees dealing with urgent public questions and making recommendations on which the government might be prepared to act. If the government would take the position that it desires to strengthen the work of committees and make it possible for them to report to the house in such a way that approved legislation will result it will help the Canadian government and give opposition members on such committees some satisfaction in having played a part. If anything it will strengthen the political position of the government. I think our main consideration should not be a party question at all but merely a question of finding ways and means by which we can best deal with the great public issues of the day.

The Minister of Finance mentioned the question of closure on which the government's position is clear. In the election campaign the government took the position that the rule of closure should be abolished.

I hope the government will come forward with that decision. I hope closure will be abolished because I do not think it is good or necessary. I have not changed my view about closure. I hope that when the government is talking about closure it will not be inclined to place further refinements about the closure rule in the book of rules governing the procedure of this house.

A moment ago when discussing the question of private and public bills I was asked some questions. I feel that private divorce bills should not occupy the time of hon. members of this house. I do not think it is fair to parliament or to the people involved that they should be forced to come to parliament and follow this clumsy procedure to obtain what is called relief. I would hope this committee could consider ways and means of solving this problem in a way that will create no ill will or opposition in the provinces affected but by general agreement will see if some procedure can be adopted to remove the obstacles and difficulties of the present procedure. I hope this can be done without offending the susceptibilities of the people of Quebec or Newfoundland which we all respect. It could accomplish a very important goal, namely of getting these bills out of the House of Commons and into a court in the city of Ottawa or it could bring about some further refinement of the rules governing this question even within parliament itself so that the House of Commons might not have to deal with this difficult subject.

When the committee is set up I expect to have the honour of serving on it. I am hopeful that the rules can be considered in such a way as to bring about a more expeditious dispatch of public business. I can tell the Minister of Finance I will endeavour from this side of the house to be as vocal and aggressive in the protection of the rights of hon. members of the opposition and of the house as I am sure he and the Acting Prime Minister (Mr. Green) would be if they had remained on this side of the house.

As I said in opening my remarks, in my view the government has the right and the responsibility to introduce legislation. Hon. members of the house have the right to speak on this legislation. The government has the right to expect that parliament in its own good time will come to conclusions on legislation. It is the fundamental right of hon. members of this house to speak out and if necessary to do so at length in opposing and criticizing government legislation. This right must be maintained. If it should disappear then parliament itself as an institution will disappear.

I would imagine that people in other systems of government looking at our parliamentary system would say it is cumbersome and inefficient but nevertheless it has served our nation well. I am in favour of rules that would expedite business but would oppose any rule which I feel may damage our basic democratic system and bring about streamlining at the expense of the fundamental rights on which our parliamentary form of government has been established.

We hope the committee will have successful deliberations and proceed on the basis of the procedure of the committee of 1955. In pointing out the method by which that committee proceeded I think I can do no better than to quote a paragraph from the remarks made by the then hon. member for Winnipeg North Centre, Mr. Stanley Knowles, who participating in this debate on July 1, as reported at page 5568 of *Hansard,* said:

> Incidentally I might point out that the report being brought in in this way meets a basic condition which we have laid down every time the motion has been made for the setting up of a committee on procedure. We contended every time that the rules of parliament belonged to parliament as a whole and that they should not be changed simply by the government using its majority to put through such changes as might be convenient for the government. We took the position, not that all changes had to be unanimous but that they should be by general agreement. These proposed changes are by general agreement so far as the committee is concerned and so far as the four parties of this house are concerned. I think we can compliment ourselves as a House of Commons on the job that we have done in connection with this matter.

I would hope that the present committee instead of counting the members on the committee when proposed changes are to be made to the rules and saying, "The majority have voted a certain way," will say, "It is much preferable to have general agreement among all parties as to how our House of Commons procedure may be improved."

Hon. J. M. Macdonnell (Greenwood): Mr. Speaker, I shall not detain the house many minutes. I do not propose to make detailed suggestions as to changes in the rules, but there are two or three general observations I should like to make.

First of all, I should like to endorse what the Minister of Finance (Mr. Fleming) said in introducing this legislation about the great importance of it. I remember very well the labour that the minister himself put into the proceedings of the last committee, he and and the others concerned. I often think that the rules of debate which grew out of the wisdom of our ancestors and more lately of ourselves are in many ways quite remarkable. For example it is always remarkable to me to think that one man can stand up and stop this whole assembly from acting if it departs in any way from the rules.

What I chiefly want to bring to the attention of the house is that I think we ought to remind ourselves that all is not going well with democracy in the world. In support of that statement I want to read a sentence or two from a speech recently made by Mr. Adlai Stevenson. This came to me as a great surprise as perhaps it will to other hon. members. I was simply amazed at this statement. I confess I had the feeling that democracy was so obviously the wisest form of government that it was going to sweep over the world. I think that when we go back to the nineteenth century we can see that this was the feeling in Great Britain. The British went about the world trying to give to other people what they thought was the greatest thing in the world, political democracy. We know that they thought that it would sweep the world, but we also know what has happened since. This is what Mr. Adlai Stevenson said:

> No wonder great political, social and scientific revolutions are sweeping the world and that instead of seeing the world grow democratic we have seen 11 countries, I think it is, turn to other forms of government in the last few years. Democracy is not winning in the world. It is losing.

I take it that Mr. Stevenson who is a responsible man was careful as to the accuracy of what he was saying. Indeed, we do not need to go to Mr. Stevenson to find discontent with our parliamentary system. I find not infrequently in this house people who are bored to death with the proceedings here. I went home to Toronto on the train recently with a new member. I remember a phrase he used. He said, "I cannot stand this. How much longer is it going to go on? When are we going to start doing business? When will we begin to take action and stop all this talk?"

I will not philosophize about that but will simply say there are two kinds of government in the world. One is government by persuasion and the other is government by force. We all know what government by force is and we could use ugly words about it but it will suffice for my purpose to say that it includes the ultimate sanction, namely murder. On the other hand, government by persuasion does take time. It means that the rights of the minority must be respected. It means that every man must have his say and no other man is able to crack down on him and say, "You are talking foolishly," or "You are talking too long and you have to stop." Every man in a democracy is entitled to be as foolish as he wants to be within his time.

I think it is of great importance that this subject should attract more attention in this

house. I remember reading again and again in the careers of successful parliamentarians that one of the things they did when they came to parliament was to acquaint themselves with the rules of the house. I must say I did not do so and it is one of the things I deeply regret. I simply wanted to make that point and say how tremendously important I feel this is.

I am not going to attempt to make detailed suggestions. I thought that both the hon. member for Ottawa West (Mr. McIlraith) and the hon. member for Assiniboia (Mr. Argue) said interesting things. I was particularly interested in the comment of the hon. member for Assiniboia about the effect of a fixed period for the debate on the address in reply to the speech from the throne and on the budget in reducing the quality of debate. I will not comment on that but I am going to say this. I feel that somehow or other we ought to be able to tone up the quality of debates in this house. I do not feel very proud or happy when I think what the ordinary visitor to the public gallery must often say to himself when he comes here on a brief visit. He may come in here and to my great regret he may see an hon. member standing up unashamedly reading every word of his speech and not even reading it well. There are people who can read so well that one hardly knows they are reading and if they can get away with it more power to them, but that does not happen often. I feel we are just stultifying this place if we allow what goes on now to continue; that is, having man after man stand up and unashamedly read a speech. It is deadly dull and bears no resemblance whatever to a debate. The hon. gentleman may have no reference whatever in his speech to what was said previously in the debate and he may be talking about something entirely new.

I said I did not intend to take many minutes of the time of the house and that is still my intention.

Mr. Martin (Essex East): As far as I am concerned, I hope you go on.

Mr. Macdonnell: There is one other thing. I mentioned this the other day to a party of members. Perhaps we could apply it to ourselves. I think there is a danger of having the maximum time for a speech become the minimum. I think it is regrettable that we almost automatically take the full 30 and 40 minutes as the case may be and use it up. I believe it would make a tremendous difference, more than we realize, if there were a greater number of speeches lasting for 5, 10, 15 or 20 minutes instead of the maximum of 30 or 40 minutes. I suggested the other day—and I have not checked it yet myself—that I believe it is true that in the British house there are a large number of short speeches. I intend to check on that and see if it is so.

I still intend to keep my promise about speaking briefly but I have just one more thing to say. I love this place. I think this is a wonderful institution. This place not only maintains the laws but maintains the right of civil liberties, religion and education. Indeed, it is the background of everything we value and cherish. I like to think that in a sense we are the trustees of the past and of the contributions made by Macdonald, Laurier, Borden, St. Laurent and others we can think of. I believe that this committee's work is tremendously important. I hope it will not be hurried. I hope that members of the committee will not allow themselves to be influenced by the talk they hear inside this chamber and outside of it to the effect, "Why do you talk so much?" I would say that wisdom, by and large, comes out of abundant debate and we should not try to shorten it too much or we will find that we will suffer.

I apologize for intervening in this debate because I have really no practical suggestions to make. Somehow or other, though, men of our age should be able to stop what we all know is a distasteful practice, that is to say the reading of long, dull speeches—unashamedly read, as I say—without any pretence whatever of observing the rules of the house.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, the remarks just concluded appealed very much to me. I am afraid, however, I cannot join the hon. member in loving this place. I find it, so far at least, not an institution that is very lovable. That is one of the reasons I wanted to make some remarks today.

What has bothered me is that none of the speakers participating in this debate thus far has mentioned two points that seem to me worthy of consideration. One is a definite attempt to elevate the status of the average member of parliament. I am speaking of government members as well as opposition members. The curious thing is that in both Britain and the United States a debate is always ensuing among the people who observe parliament and among parliamentarians themselves about the efficiency of congress or the British house of parliament. In the last year in Great Britain there have been a number of substantial criticisms and a very good one was put out entitled "The Reform of Parliament" by the Fabian society. The British and the people of the United States are always knocking their systems about and

tearing them to pieces, applying interpretative and critical standards to what goes on in their legislatures. It seems to me that we do all too little of this.

It is perhaps presumptuous of me to mention this since I have only been here a few years and I cannot judge whether parliament in the good old days was better than it is now, but the status of the average member of parliament, whether he is a member of the government or the opposition, is not a particularly high one. I think it would be improved, for example, if we had more free votes in this house. I think it would be improved also—and this, of course, is not quite procedural—if members of parliament had more research and investigative facilities through this house and especially through committees. I think the committee that will investigate the rules should go into this question very thoroughly.

I also feel that my prime commentary in this house is that we are supposed to be the scrutineers and watchdogs, that the administration puts things into effect as a result of legislative policies introduced here and we check the administration and also the legislation. It seems to me we do not do a bad job of checking legislation but we do a poor job in our function as scrutineers. Here again it seems to me this can be improved by elevating the status of the member of parliament, by giving him more power on parliamentary committees to scrutinize.

Experienced hon. members of this house have said that more committees are sitting now than in the past. Quite frankly I am completely disillusioned when I think of some of the farces we have witnessed in committees in the past months. In one committee that sat recently a point of order was debated for three and a half hours. When there are as many as 60 members sitting on a committee you have to shop all around the house in an effort to find a quorum.

You have conflicts where members will be sitting on three committees. We have had situations in this house, according to the analysis I made last year, where the official opposition turned up for meetings of fewer than one third of the committees. Members are supposed to answer the call of a committee meeting yet in this particular situation, in the last session of the house anyway—if anyone wants to check the attendance records they will find this is so—the official opposition never bothered to answer the summons in two thirds of the cases. Therefore, from a completely different point of view I have arrived at a position not too far from that of the hon. member for Greenwood (Mr. Macdonnell), who is worried about the fact that we cannot get anyone to listen to us, and that we cannot even stand to listen to ourselves. He is concerned about it because of the past and the tradition. I have not shared in that tradition at all. I know this is not a stimulating change and in terms of debate we just do not have crisp and hard talk.

One of the things we might try is to emulate a British device which lets a private member issue what is in effect a written challenge to a cabinet minister to a half-hour on the spot debate with a 12-hour notice. The minister gets the notice in the morning and they have the debate at 9.30 in the evening.

One of the things we could introduce here is the system they have in the United States congress of yielding the floor. Here we have to ask permission to rise and ask questions, and usually the questions are designed just to throw the fellow off his stride. In the United States the speaker yields the floor and you actually get crisscross debate within the limits of the topic being discussed. I can think of a number of occasions where instead of the Minister of Finance (Mr. Fleming) or the hon. member for Essex East (Mr. Martin) resorting to the question technique, which I tend to feel most of the time is mere obstruction, if they could get up and ask the hon. member who has the floor to yield the floor for five minutes and state a position we could get a genuine flow of debate across this place instead of the situation that does exists, except for a few members, where most of us go behind the curtains or out of the place when debate is going on.

It is for these reasons that I think the committee has to take a very long look at the rules. Again, I say, I do not know what the situation was in previous parliaments but certainly this is far from an exciting one. I have noticed, in talking to academic people, and the criticism in the press, that it is coming to be recognized that many people are fed up with the House of Commons just being a talking chamber. I think the hon. member made the best case possible for talk. We need to keep that up, but why can we not make the talk more stimulating, more exciting? I think we have to examine this. I think particularly the party leaders have to look into it.

Is there any explanation for the fact that so many members hesitate to say something bold or new? In this regard, I was very pleased when the hon. member for Rosthern (Mr. Nasserden) got up and made his speech, which received such wide publicity. Surely, as a member of parliament, he had the right to

get up and give his views on the agricultural situation. After it was over the whole impact seemed to be, how did this fellow dare to break party bounds. I heard members say, "What is the matter with him; has he gone off the deep end to get up like that and break the party line?" This emphasizes to me the point that we need more freedom from the point of view of party leadership and more encouragement from party leadership to speak our minds on issues.

I know Canada has very many subjects and topics that are divisive. I can think of one, the Chignecto canal. How is it going to affect Halifax? How about winter shipping on the St. Lawrence? How is it going to affect Halifax, Saint John and the St. Lawrence ports? Because these things are divisive in so far as our parties are concerned we do not bother to talk about them in the house; we do not bother to have the things threshed out in public. It seems to me that we should have much more of this and it would encourage private members, if we did have free votes on private members' resolutions and bills, to express themselves.

Therefore, it seems to me that if this house is going to be reinvigorated and revivified it has to come from the backbenchers. May I make this point, Mr. Speaker? It has always seemed to me in terms of abuse of the rules —the Minister of Finance started off that way —it is always the veterans of the house who abuse the rules most. This is an inescapable conclusion of mine. It is not the backbencher, the chap who has not been here too long, it is the veterans who ignore the rules; they have got the elan; they have the confidence. They get up and push it. What an example that is to show—

Mr. Martin (Essex East): The hon. member is referring to the Minister of Finance.

Mr. Fisher: I am referring to the Minister of Finance at the moment but the Minister of Finance is no greater sinner than the man who asked the question.

I do not know what the experience of other members may be in trying to assess the attitude of the people, the enlightened people of the country, who pay some attention to parliament, but the ones that I bump into are rather scathing. This is a fine thing if it is this government they are blaming it on but it is more than that. They are blaming it on the institution itself. They say there is something fundamentally wrong with it. I think the committee should spend worth-while time going into it.

One of the final points I should like to make is this. I think this committee should look into something that seems to me is really depressing the status of the average member of parliament. I refer to the proliferation of royal commissions and regulatory boards. Every time you set up a royal commission, then almost invariably you remove a touchy topic from the centre of debate and put if off to one side, into the refrigerator, for a while. Every time you set up a regulatory board such as the national energy board, the board of transport commissioners, which has been with us for a long time, or the board of broadcast governors, you are creating a group, not answerable within this House of Commons directly, to handle very tough and delicate particular situations. This is a trend in our complex society which you cannot pause or block, but it seems to me that this practice of removing subjects away from parliament, once or twice removed, puts us in the position where we no longer are as important as members of parliament used to be.

I need not go further, but I think it makes ministers much less important. I have always deplored the number of times ministers in this house are willing to use the fact that something is before a board instead of answering the question. I notice the way the Minister of National Revenue (Mr. Nowlan) is prepared to be so detached about the C.B.C. and the board of broadcast governors. I do not think we are going to reverse the trend of more regulatory boards but steadily we are removing from the scope of the members of parliament what used to be their immediate consideration. These boards are getting increasing authority and getting just that much further away from us. It seems to me the test of our system is going to be whether we can keep the average member of parliament within this chamber somehow with the feeling that he has something to say about this and that complexity which piles on to our agenda.

To bring this to a point, it is noticeable that in some of the other democratic countries, in Denmark and Scandinavia, indeed in Britain, there is discussion going on about the question of having somebody acting as a public protector. I understand the Prime Minister of Great Britain is now looking into the question of the ombunsdman, which is a Danish device of having what is in effect a public defender, because of the growth of so many boards and regulatory groups. It is felt that the individual citizen needs protection, and there should be one person to ask for protection from the state. We like to think of the member of parliament as a person to come to; but the Danish experience is that the ombunsdman is the man for this

task. He is a man who scrutinizes government regulations on the basis of the protection of the individual liberty. If any citizen of the state has any complaint at all he merely has to fire it at the ombundsman and the matter is investigated. I would not recommend particularly that we need an ombundsman set-up at the present time but certainly we need some way of enhancing the position of the member of parliament vis-à-vis the state and the apparatus that has grown up.

The point I wanted to make about committees was largely made by the hon. member for Ottawa West (Mr. McIlraith), namely that they should be smaller. I cannot see why we cannot have committees of eight to ten members. I cannot see why our committees cannot meet when the house is not in session. When dealing with certain matters I cannot see why they cannot meet not so much in secret but in camera. When the Prime Minister (Mr. Diefenbaker) was making his remarks on committees he was very clear, in setting out his intention to use them more, that he was following the British example and precedent. The British have much smaller committees than we do and they have a much bigger house membership. Their committee on public accounts breaks up into subcommittees which go out and visit sites. I think we could make very effective use of that kind of committee.

But the problem here, and this again is a problem for the party leaders and not for the select committee, is that if we are going to have smaller committees and give them more important tasks we have got to make the job worth while in terms of prestige and function. I do not know how that can be done except by insistence on the part of the party leaders that this is important work and that it has to be done. In Britain they do not have too much trouble in the House of Commons getting people who are willing to serve on these small committees for which there is very little publicity. If hon. members follow British parliamentary affairs they will know that their committees are unlike those of the United States and certainly unlike Canadian committees in that they are not in the centre of the public eye, but they do perform fairly steady and complete work by way of scrutiny, of which we do not manage to get nearly enough done.

It would certainly seem to me that if the committee to be set up wants to look for examples the best thing it can do is to constitute a subcommittee and send it off to look at the way other parliaments handle the problems that we are being confronted with here and try to find out why it may be that in Britain, Denmark, Sweden or the United States there is more fire or interest in their parliaments than we have in Canada.

Another procedural matter that I want to suggest that the committee should look into is the question of some kind of television or radio coverage of the actual proceedings of the House of Commons. I know that the oldtimers do not look upon this suggestion with much favour. They think it is a rather poor idea.

Mr. Martin (Essex East): Hear, hear.

Mr. Fisher: I do not see why the hon. member who has just interjected should interject because the kind of performance he puts on on television would give him an automatic advantage. I should like to suggest that one thing we can do is to start to televise the private member's hour once a week.

An hon. Member: On divorce?

Mr. Fisher: I think if you focus attention several times during the session on what the private members are doing you would get more private members interested in their contributions to affairs. This may sound like a desperate remedy but I think it should be looked into. There is no reason at all why there should not be radio broadcasts from this chamber. Of course, with the present standards, the difficulty would be to get any radio station to take the broadcast, but I certainly think we could get some kind of broadcasting or telecasting that might be useful in drawing attention to parliament.

Mr. Macdonnell: Would you have all the speeches read then?

Mr. Fisher: The hon. member says, "Would you have all the speeches read then?" I think the majority of the set speeches are read now.

Mr. Macdonnell: Are you going to change all that?

Mr. Fisher: I still feel that the rule against reading speeches could be enforced again if the leaders of the parties would lay down the law. I regret as much as any member the fact that member after member will get up and read his speech. I always wonder about the authorship of these treasured papers. It has always seemed to me such a silly subterfuge when even a cabinet minister, as happened once this session, will say that he is consulting his notes. I can understand cabinet ministers wanting to consult their notes in order to be sure what they are saying, but this destroys the whole basis

of the rule. I suggest that this committee should not only consider this rule but its abolition if we cannot make it stick. The only way we can make it stick is for the party leaders to lay down the law and see that the whips enforce it. An hon. member interjects and says that this does not work. I am getting the kind of interjection that suggests that what I am saying is not too popular.

Mr. Macdonnell: Would the hon. member not agree with this? In saying this I admit I am doing so partly to correct the wrong impression I gave. Take, for example, the budget speech. I would not suggest that the budget speech could be delivered extemporaneously. There are occasions when I think ministers are perfectly entitled to read their speeches.

Mr. Fisher: Mr. Speaker, we have a situation where members asking questions will read their questions. A question is usually a rather short range effort and it seems to me that is one place where members could do without reading.

There is one thing I should like to see before the debate closes. I should like to hear from some of the government members who have been chairing committees as to their views on the matter of giving committees more work. I see one or two of them in the house and perhaps we could have some suggestions from them as to how we can make our committees work more efficiently. While we are having more committee meetings, I am not convinced that we are doing much more with the committees. For that reason I should very much like to hear from some of them as to how they think things could be improved. It has not been the ministers who have been running these committees in terms of their actual day to day work and I think it would be worth while if we could have some suggestions from these people as to how the committees could be made more important.

The last suggestion I should like to make is one that finds a great deal of disfavour with the lawyers in the house or perhaps I should say that I understand that the lawyers do not like it. According to my understanding the fall months are the time when they can make some money in their law practices. Nevertheless it seems to me that we are very foolish to so arrange our sittings that we will probably spend a lot of time here this summer and then have to have a fall session. It seems to me it would be much smarter to have some kind of a split so that the summers are free. This should appeal to every member who wants to get round his constituency. Certainly in my part of the country the summer months are the only months when it is really pleasant to do so.

Mr. Speaker: Order. I think the hon. member is going a bit beyond the scope of the committee. After all, he is talking about the sittings of parliament and he will recall that we are only one of the three elements of parliament.

Mr. Fisher: We are only one of the three elements of parliament, but if one of the objects of the committee is to speed up our work and make the sessions more efficient one point they will have in mind is to determine how we can handle matters more quickly and more expeditiously. The only point I was trying to make was that the committee should consider that perhaps splitting the session in two would be a factor in the more expeditious handling of the business of the house.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to say a few words on this matter. I am very pleased that it is being discussed and that the committee is going to be set up because I too am very concerned about what members of parliament can and do accomplish. Throughout the country we hear continually about the committee work being done by backbench members of all political parties. I believe that throughout the country there is a belief that this is happening.

However, I was at a meeting of the Legion a while ago, and they asked me what had happened to the veterans committees in the last two or three years. They asked me, was it not true that the members of the veterans committees were veterans? Was it not true they were all in favour of the proposals that were placed before them? I said, yes, I sat on the committee and I was sure all members were in agreement. The committee had brought in a report, and while there was some amending of opinion to reach a unanimous agreement, that agreement had been reached and a report introduced. Then, they asked me a question which I feel we should ask ourselves: What happens after a committee brings in a report?

It is true that the backbench members attend committee meetings and give a great deal of consideration to these matters. They give to the committee whatever knowledge they have on the subject, and the committee comes to a conclusion. Then, Mr. Speaker, what happens when the committee reports? If the government and the backbenchers are going to stand on the record of the contributions they have made in committee, then

some consideration will have to be given to what happens to the reports of these committees. There was another committee of which I was a member, and it did an exceptionally good job. I believe the government and the people of the country would have received a great deal of benefit if consideration had been given to the proposals made by the estimates committee on defence expenditures, under the chairmanship of the hon. member for Calgary South (Mr. Smith).

Mr. Speaker: Order. What we are asked to do under this motion is to consider the establishment of a committee on the procedure of the house for the purpose of suggesting any changes that might be desirable to assure the more expeditious dispatch of public business. So far I have not made reference to any hon. member—and we have had very interesting proposals made during a discussion of the procedures of the house in general terms—going beyond anything that this committee would be entitled to deal with. The reason I have interrupted the hon. member is that what the hon. member is talking about is a matter of substance, not of procedure. I believe that since we have had a fairly representative discussion, members should confine themselves now to the question which is whether or not it is desirable to set up a committee.

If the house decides to set up a committee, then there will be an opportunity to present all the matters which hon. members feel could be improved. This is not the time or the place to go through all these matters. With these observations for the guidance of the hon. member, perhaps he would continue.

Mr. Peters: As I take it, Mr. Speaker, your ruling is we should discuss only whether or not it is desirable to set up this committee. I think we are all in agreement. We are always optimists. We believe that this committee would do some good, although I was just saying that, in my opinion, the committees with which I have had something to do in the past have not accomplished very much. If they have produced some good results, it certainly has not been apparent to the man on the street who is looking for legislation from these committees.

I should like to say something about what I believe should be done by this committee. I certainly have not been here very long, but as a new member I am of the opinion that the rules, no matter what they are, can be used. We have operated under various forms of the rules in the past. I believe that if this committee is going to reach any satisfactory conclusion it will have to be done, as my leader said a few minutes ago, by agreement. We find that, individually, as people we are not too bad, put collectively we believe that those who belong to other parties are not very good. We usually find that the rules can be amended by agreement, but this cannot be done on a formal basis.

We find, at the end of a session, when an agreement is requested on a limited basis an arrangement is usually arrived at and, while we do not change the rules, we can generally reach our objective through co-operation. I should like to make some comments on some other matters, Mr. Speaker. I believe we would be very foolish to oppose the setting up of this committee at this time. There are a number of things I should like to see the committee do, although I do not believe some of the other committees have functioned as satisfactorily as we would have liked them to function. We will probably have an opportunity of discussing the various aspects of this matter on another occasion.

Mr. Frank Howard (Skeena): I was hoping, Mr. Speaker, that I would have the opportunity of making a few comments on a particular matter so that this motion could be considered by the house before six o'clock. Unfortunately, I have not been able to do so because of the length of the debate. I am not complaining about this one bit. The debate has been most helpful and most instructive, especially the suggestions made and opinions expressed by the hon. member for Greenwood (Mr. Macdonnell), who has had so many years' experience and who, as he said, has such a love of parliament and parliamentary life. Even though my experience is of a much shorter duration—I hope it will continue for some years to come—I must agree with the hon. member and say those are my feelings as a result of my short experience in connection with parliamentary activities.

While the hon. member for Assiniboia (Mr. Argue) was giving his opinion as to why it would be desirable to establish the committee at this time, the hon. member for Vancouver South (Mr. Broome) interjected two or three questions. I did not catch the whole import of them, but I understood they were queries as to why we have not been able, as we had in the past, to deal with public bills in the hands of private members. This raises a question concerning the rules of the house as they relate to other types of bills, notably private bills relating to divorce. It was my thought that perhaps a very brief and general reference to that and other matters might be acceptable at this time.

Mr. Churchill: On a point of order, Mr. Speaker: I think the discussion proposed by the hon. member would be distinctly out of order on this motion to set up a committee to consider the rules.

Mr. Speaker: I will note the hon. member's point of order and deal with it immediately after the recess.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Speaker: The Minister of Trade and Commerce (Mr. Churchill) raised a point of order as we were about to adjourn. I think that at the stage the hon. member for Skeena (Mr. Howard) had reached I could probably not properly declare him out of order; but as he had indicated the subject which he wished to speak about, I should say that in my view it would be in order to suggest that the rules, or such special rules as the committee might consider appropriate for private bills relating to divorce, would be a proper subject for consideration by such committee. But to go beyond that and discuss the substance of the matters which would be relevant before the committee in dealing with that problem would not be in order.

Mr. Howard: Mr. Speaker, that was the end toward which my remarks were leading, that this motion before us is to establish a committee to consult with yourself about the rules and procedure to expedite the dispatch of business, and that one of the items with which the rules deal, along with many others of course, is that of private bills originating in the Senate, in the other place, dealing with divorce. It was also my thought that this could be one of the specific subject matters with which the committee, once it is established, would concern itself.

In recent years, as Your Honour and other hon. members know, there has been a considerable amount of discussion in the committee of the whole, and to a lesser degree in the house itself, about this particular type of private bill. I am sure there is not a member here, or a member who is not here either, for that matter, who is not familiar with the discussion which has taken place during succeeding private and public bills hours and on days set aside for private members' business.

Because I think this also is a specific subject matter with which the committee might well concern itself, I should like in a very brief way to indicate some of the reasons why it might not be desirable for parliament to continue to discuss and deal with this particular class of private bill in the manner in which it has in the past or, indeed, for parliament to deal with it at all. I subscribe to the latter view, of course, which is the approach we have persistently used with respect to private divorce bills. If I may, I would like—

Mr. Speaker: Before the hon. member indicates what he has in mind, I might say at the outset that it would be quite out of order to raise the issue whether or not parliament should deal with divorce bills, because that would be beyond the powers of any committee set up to consider procedural matters. As to the pros and cons of the procedure which might be appropriate, I think that, too, would be out of place here because that would be the subject matter of the representations to be made to the committee itself if and when it is set up.

I have allowed a certain latitude of discussion in this debate because it seemed to me to be a very useful debate for the guidance of the committee, but I think it would be out of order to attempt to indicate what are the kind of rules the committee should adopt. In effect, I am limiting the hon. member to comment on this motion to set up a committee to expression of the view that the committee might well deal with the problem he has raised.

Mr. Howard: I quite well appreciate, Mr. Speaker, that it would be out of order to make reference to alternate methods of dealing with this particular class of bill if such reference applied to some structure, such as a court for argument's sake, outside parliament itself. That would properly not be within the ambit of the motion nor within the province of the committee itself if the motion which is before us were passed.

I think, however, it might be permissible if I make this suggestion. I think this is a question which could occupy the thoughts and attention of the committee itself. It has been my understanding, perhaps a misunderstanding but I would like to refer to it, that in discussing similar motions to establish other special committees in the past, by speaking in the house to the particular motion hon. members have taken the opportunity of expressing their ideas in this way and have drawn them, prematurely probably, to the attention of the committee. In that way the views of individual members of the house with respect to certain matters before the committee, in this instance before the rules committee, were made known to the committee rather than their appearing as a witness before the committee itself in order to suggest the particular way in which the rules might be altered to deal with divorce bills arising in the other place.

I think that inasmuch as Your Honour by your strong suggestion—if I may call it that

rather than ruling—has indicated I have probably reached the limit of the intent of my remarks, I should not go beyond what I have already said up to this moment. I would certainly like to have gone further in this discussion and I had in mind an amendment to this particular motion which I think would have been in order. However, I do not intend to move such amendment, but I might perhaps be allowed to reiterate strongly and sincerely that I think this is a field in which the committee can be of prime assistance.

I hope the committee in its wisdom will not be too rigidly bound by the fact that it should not think in terms of methods outside parliament, such as giving jurisdiction to the exchequer court, establishing a separate federal court or something of that nature. I do not say this to override your rulings, Mr. Speaker, but it is one thing the committee might well deal with. I hope it does, and I hope just as sincerely that it may come back to the house with some suggestion or recommendation in its final report which will allow a better or saner method of dealing with this class of private bills.

Mr. E. J. Broome (Vancouver South): I have one or two things to say on the subject of this motion. Someone said that democracy is the worst possible form of government other than any conceivable alternative. After a number of sessions in this house I begin to wonder whether the speaker really had the right idea. An overhaul of the rules is long overdue. As a member from the far west I am concerned, despite the remarks of the hon. member for Assiniboia (Mr. Argue), about the useless waste of time that goes on in this house, and there is useless waste of time.

For instance, I can recall an occasion last session—and I trust I am not trespassing on the terms of reference of the committee—when one member, despite the fact that all the other members wanted to continue after ten o'clock, was able to negate the will of 264 others, by refusing unanimous permission to carry on. That happened not once, but several times. It is not democracy or protecting the rights of opposition parties for one member to be able to impose his will on this house as has been done in the past, or for two members to impose their will on the house as is being done in the present. I say that an overhaul of the rules is long overdue; not to take away the rights of the opposition, because we on this side would fight harder than anyone to prevent that, but to take away the right of individual members to make a mockery of this parliament, which is what is happening time and time again.

I should also like to see the words of the hon. member for Assiniboia carried out in practice; to use his own phrase, I should like to see every member able to express his views. Yet in our only free ranging debates —the debate on the address and the budget debate—we Conservative members from British Columbia were represented by only one hon. member in both debates. If one adds the four C.C.F. members from our province, perhaps we had much more than a fair share of the time of the house, but speaking for backbenchers on this side we did not seem to do very well.

During the dinner hour I was analysing the debate on the address in the light of the rules as they exist at present, and I found that on this occasion 79 hon. members spoke; 32 Liberals, 8 members of the C.C.F. party and 39 Conservatives. I found that the C.C.F. group with 3 per cent of the members of this house had 10 per cent of the time spent in debating the speech from the throne, and 13 per cent of the time during the budget debate. The Liberals, with 17 per cent of the membership, had practically 40 per cent of both debates and the Conservatives with 78 per cent of the members had 50 per cent. If one wants to talk about equality of treatment between individual members of this house, I say that this is not equality of treatment.

I should like to see this committee go to work to bring in its recommendations as soon as possible. I do not care whether the recommendations are unanimous or not. I should like to see a free vote taken when the recommendations do come to us in order that everyone may vote the way he feels, because I am concerned about the waste of time that goes on; the fact that we deal with trivialities for hour after hour and, then at the end of the session authorize the expenditure of millions of dollars on estimates without giving due consideration to what we are doing.

It is a time for a change in these rules. It is time for a change with regard to filibusters. The hon. member for Assiniboia mentioned the filibusters of 1912 and 1913. We are enduring a filibuster right now during the time set aside for private members, yet the hon. gentleman has the nerve to ask us to give more time to carry on this stupidity and this arrogance; more time in which to impose the will of one, or two or three members on this house. I say the time is long overdue when we should change these rules, and the sooner the committee gets to work and the sooner we have this change the sooner parliament will be afforded the opportunity to give proper consideration to measures and topics which are really of importance.

While the committee is considering these questions I hope it will also give some attention to means by which the other place could

make more effective use of the undoubted ability which its members possess. There is a great job before this committee, and I suggest it should be formed right away and get to work as soon as possible.

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

Mr. Broome: What is the question?

Mr. Howard: I just wondered whether the hon. member was applying his reference to "arrogance" to myself.

Mr. Broome: If the caps fits, wear it.

Mr. G. H. Aiken (Parry Sound-Muskoka): I had intended speaking on lines similar to those of the hon. member for Vancouver South (Mr. Broome). One matter which I think is deserving of the committee's consideration concerns the order of speaking in the house; I think that is just about what the hon. member for Vancouver South had in mind.

In recent years the Canadian people have taken to electing to this house large majorities. This was the case in 1953 and 1949. Regardless of the political complexion of the party in power we must, I think, recognize that it has become a habit with the Canadian people. This results in a large number of members, who have been elected by people who expect them to take an equal share with all other members in the business of parliament, having only a restricted opportunity to do so. Thus when debates are in progress the fact that the government party was four members to every one on the opposition side means that the backbench member on the government side has only one opportunity to speak compared with four afforded to members of the opposition.

I feel so strongly about this because I feel the reason the backbench members in the previous parliament under the Liberal administration became fed up with the proceedings—if they did; and I understand that they did—was this very same reason. Naturally, I do not want to see this happen to members who support the government at the present time. I feel that the opportunity to speak must be shared more evenly with hon. members on the other side.

An hon. Member: Talk to your whip.

Mr. Aiken: There was some reference this afternoon to the increasing amount of interest in committee work. I feel that this has resulted to a large extent from the situation in the house. Hon. members on the government side who are desirous of speaking have waited time after time, turn after turn, while hon. members opposite put forward their views again and again. For this reason hon. members have taken to attending committee meetings where they may express their views equally with all other members. This is perhaps one of the reasons why some complaint has arisen about attendance in the house about which mention was made this afternoon. Undoubtedly if an hon. member has an opportunity to attend a committee where he will have an equal chance to express his views which he feels he was sent here to do, he will take advantage of that opportunity in committee and perhaps neglect the business of the house or at least give it second priority, when it should have first priority in his order of business.

Mr. Crestohl: Mr. Speaker, may I ask the hon. member a question. Does the hon. member have any particular formula for a sequence of speakers to suggest to the house?

Mr. Aiken: Yes, Mr. Speaker, I have two formulas.

Mr. Speaker: With the leave of the hon. member, I will suggest that it would be more appropriate to present the formula to the committee, if and when it is established.

Mr. Aiken: Thank you, Mr. Speaker. I will not refer to my formulas except to say that I feel the committee should consider a formula that would give a more equal opportunity of speaking in the house to hon. members on the government side in a situation such as this.

The hon. member for Vancouver South (Mr. Broome) mentioned the two main debates, the throne speech debate and the budget debate. In many instances, these are debates in name only. Admittedly the first few speakers do raise issues but frequently in the throne speech debate there is merely an individual presentation by an hon. member who has particular problems or matters which he wishes to bring to the attention of the house. I feel that in the throne speech and budget debates an hon. member might very well have an equal opportunity with other hon. members without violating the well-accepted rule that Your Honour follows, that speakers in a debate ought to be taken alternatively speaking for and against the problem.

I was concerned about the question as to whether an hon. member was speaking for or against a motion should make any difference in the order of speaking. In looking in Beauchesne's fourth edition I found a citation which applies to the situation that occurred this afternoon. Citation 124, subsection 1 reads:

124. (1) In order to be allowed to speak more than 40 minutes under standing order 31 a member

who speaks immediately after a minister has moved a government measure must speak in opposition to the motion.

I think Your Honour was right in the first decision in relation to the hon. member for Ottawa West (Mr. McIlraith) because he did not speak in opposition to the motion and therefore possibly should not have had more than 40 minutes. The point I am making is that the rules and practice in some cases have established a difference between whether an hon. member is speaking for or against a motion. This is a matter for the due dispatch of business to give all hon. members an opportunity to speak and do the job they were sent here to do, and in my opinion the committee should give serious consideration to it.

Mr. Rouleau: Mr. Speaker, can the hon. member tell me what prevents him from taking part more often in the debates of the house? He is allowed by the rules to do so.

Mr. Aiken: I would say, Mr. Speaker, that I take advantage of every opportunity I can to speak in the house.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to make just a few brief remarks. I did not hear all of the debate but I listened with interest to the remarks of the hon. member for Greenwood (Mr. Macdonnell), who I thought made a most thoughtful speech. I wish to point out to the later comers of his party who are somewhat critical of the time consumed by the opposition and the number of times they speak that the minister in his remarks which I commend to their attention and perusal clearly recognized the rights of the minority, the opposition in parliament, and also the function of the opposition. I thought the hon. gentleman was most fair and he indicated as always that he has a sound understanding of the principles of democracy and the workings of the parliamentary system. I ask those hon. members who have spoken recently to consider what the hon. member said and I urge them to learn from him because of his thorough grasp of the principles I mentioned and because of his sound suggestions about protecting the rights of the minority.

I wish to bring to the attention of the house something I mention at every appropriate opportunity in debates of this nature. In my opinion—and I think this opinion is gaining ground in this house—we have to do something about changing the times of our sessions. I understand the irritation felt by hon. members opposite about the time taken by the opposition. They have to sit and listen to lengthy debates without the same opportunities of participating, in one sense, although they do participate in the real sense. Perhaps, however, it is not appropriate from the point of view of the government to allow too many government members to speak. I have known the government whip on occasions to send notes to speakers and say, "We want you to lay off and stop speaking." That is understandable when the government wants to reach a conclusion within a certain time. Perhaps a minister may be leaving town the next day or something of that sort.

We live in circumstances that have changed since the time our rules were established. As I read the history of parliament as recorded in *Hansard* since 1867 I find that at one point it was easy to conduct the business in three or four months. In recent years the multitude of activities in which the government has engaged has placed a greater load on parliament. It is not sufficient for us to come here in January and hope to conclude the business by July 1. It is a physical impossibility to do that properly. The government should give consideration to splitting the session.

Mr. Speaker: Order. I do not want to prevent the hon. member from expressing an interesting view but he will recall we are summoned here not by the rules and our services are dispensed with not by the rules. I am afraid the hon. gentleman will have to look to some authority other than the proposed committee to deal with the problem he has mentioned. The summoning of parliament and the prorogation of parliament is not a procedural matter with which this committee could deal. While it is an interesting subject and it was mentioned by another hon. member I do point out that in my view it is not relevant to this discussion.

Mr. Herridge: Would I be in order in suggesting that this committee take up with the appropriate persons the idea that I am advancing now with a view to getting action from the right direction? I just wish to say I think we should split our sessions; come here in January and leave at the beginning of June, then recess, come back here in the middle of September and complete our work sometime early in December. I make that suggestion, Mr. Speaker. I might be slightly out of order but I think the committee can give some consideration to it.

Motion agreed to.

WAYS AND MEANS

The house in committee of ways and means, Mr. Flynn in the chair.

ESTATE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Estate Tax Act and to provide among other things:

(1) That the deduction from aggregate net value allowed for the value of any gift made to a charitable organization in Canada be extended to the value of a gift made to a charitable foundation in Canada.

(2) That the Canada Council be deemed to be a charitable organization for purposes of the act.

(3) That there be included in computing the aggregate net value of the property passing on death any amount payable under a policy of insurance effected on the life of the deceased for the benefit of the family of the deceased, where such policy, immediately prior to the death, was owned by the employer of the deceased.

(4) That where the property passing on the death of a person includes property the value of which was determined as of the date of death of that person according to prescribed tables of present values of annuities, and within four years of the date of death there occurs an event, such as a death or change in marital status of a beneficiary, that allows the value of the property to be determined having regard to the occurrence of that event, the property shall, on application made in accordance with prescribed conditions, be revalued and the difference in tax refunded.

(5) That the four year limit, after which the minister may not make a re-assessment unless there has been fraud, misrepresentation or failure to disclose by the person filing the return, may be waived by the executor by notice to the minister.

(6) That any enactment founded on paragraphs (1), (2) and (4) shall apply in respect of deaths occurring after December 31, 1958, and any enactment founded on paragraph (3) shall apply in respect of deaths occurring after March 31, 1960.

Mr. Benidickson: Mr. Chairman, the Minister of Finance, of course, was very brief on budget night on outlining some of the contents of these resolutions. I wonder whether he has any intention at this stage to expand on his statement?

Hon. Donald M. Fleming (Minister of Finance): Mr. Chairman, I think there is nothing that I can usefully add at the outset to what I said in the course of the budget speech on March 31 concerning the resolution that is now before the committee. It has six paragraphs to it, each dealing with a separate proposed amendment to the act and I think that discussion could best take place on each of these seriatim, if this meets with the approval of the committee.

Mr. Benidickson: Mr. Chairman, I take it that what we have in effect is one resolution with six paragraphs. We do not seem to have any certain rule in debate at this stage, but in the past it has been the practice of the committee—and I think it is a good one—to have somewhat of a general discussion, if necessary, at the opening of the debate stage of the resolution. After that perhaps the Chairman calls the subparagraphs and we endeavour to confine ourselves to relevancy in respect of the contents of those individual paragraphs. Of course, I have no objection to this procedure being followed again this year.

The committee is well aware that this is the first occasion since the new Estate Tax Act was passed in 1958 that we have had to consider its effect.

I must again point out to the committee that we felt that we were rather pushed, particularly at the committee stage in the banking and commerce committee, in discussing the provisions of the new Estate Tax Act. It was one of those occasions when we were sitting very frequently in committee when the house itself was sitting and when there was urgent business in the house.

I was interested to find that even the members of the Canadian Tax Foundation, who met in their twelfth tax conference after the bill was passed, felt that sufficient time had scarcely been given to the public at large, and even those specialists, to digest the contents of this new legislation which even embodied a new principle. I am sure that the Minister of Finance has at some point considered the equivalent of a *Hansard* stenographic report of a symposium that was held after we passed this bill in 1958 by very eminent specialists in the estate tax field, representing both lawyers and accountants.

I was interested to find that at this 1958 conference of the tax foundation they seemed to seize upon the very points that were troubling those of us who were members of the banking and commerce committee in 1958 when we felt that there was rather undue haste in considering some of those items. Indeed, I think there is confirmation of a bit of a rush in the fact that some of the proposals of the minister today are in line with the recommendations that were advanced by opposition members and members of the public in 1958 when the minister's new estate tax was being considered; but he would not heed in any consequential manner any of the recommendations that were made at that time.

I know that when in November, 1958 this panel was discussing the new federal Estate Tax Act the first item they directed attention to was section 26 of the act which indeed got foremost attention from the banking and commerce committee and from the Senate. Hon. members will recall that the Senate amended the bill and in particular were concerned about section 26.

It is interesting to find that in this field of alleged and objectionable double taxation

the minister, on March 31 in his budget speech, indicated that in another section of the resolution before us, namely in the package relating to income tax amendments, some form of amendment in this field is being proposed. In view of the fact that this amendment refers to taxation of estates as well as to taxes on incomes I think it would not be out of the way at this stage, when we are discussing the Estate Tax Act, for the minister to give us a little more information than he gave on budget night about what his proposals are in this field. I think we could very usefully hear about that tonight as well as perhaps to follow it up, as we will when we come later to the present paragraph 14 of the Income Tax Act resolution.

In addition, we find that the Canadian Tax Foundation was concerned, as were the members of the opposition at the time, with the prospects for some form of co-operation and co-ordination with those provinces which have their own succession duty legislation. We were alarmed and concerned about the possibility of the lack of uniformity in the matter of tax credits which are an important thing to the individual taxpayer.

Hon. members of the committee will recall that this bill of 1958 introduced a completely new feature, in that it proposed to tax in estate matters persons domiciled outside of Canada. We were concerned about double taxation in this field and even avoidance of tax in certain instances. I commend to the minister's attention again the discussion on this subject by those very eminent specialists in estate tax matters.

Quite early this session the hon. member for Mount Royal asked what progress had been made in the matter of renegotiating, in consequence of the new Estate Tax Act, tax conventions particularly with the United States but also with other countries and the minister indicated, as found on page 919 of *Hansard* of this session, that negotiations were still in progress. I would hope that we could get another report from the minister tonight on this very important subject because it is well known that since the old succession duty act, which was the basis of the former tax convention with the United States, disappeared on January 1, 1959 taxpayers have been without the opportunity of the usual set-off that is provided by a negotiated tax convention with a country as important as the United States. We are also interested in having recognition of the new Estate Tax Act for this purpose by other countries as well.

Members of the committee who were members of the banking and commerce committee in 1958 will recall that members of all political persuasions represented on that committee were very concerned about what are now sections 28 and 29 of the new Estate Tax Act. With respect to section 28, I refer to the matter of a minority interest in a corporation and the deeming under certain circumstances that that will be equivalent to owning shares in a majority interest. As I have indicated, the new act has been in operation since January 1, 1959. Personally I have had no professional practice in this field but knowing that this was a matter of very keen interest on the part of all members of the committee and that the interest was such that the administration brought in an amendment to the bill in committee in response to our protests, I was quite interested in reading the rather cynical and frank comments of a symposium of experts—

Mr. Bell (Carleton): Would the hon. member relate this to the resolutions which are before the committee?

Mr. Benidickson: Yes, Mr. Chairman. I am dealing with a resolution indicating that it is proposed to introduce amendments to the Estate Tax Act and I am speaking generally to the first clause. I want to remind the parliamentary secretary that this is a rather unusual form of resolution in that it is my understanding that the government is under obligation to give notice to the house of any proposed amendment to the Estate Tax Act or similar legislation which might involve an increase in taxation. My understanding is that while it is customary and desirable, I would agree, to give notice of all changes of consequence that are proposed it is not necessary in practice to give notice in this form of amendment that might involve a reduction or decrease in the weight of taxation or something in the nature of a technical change in administrative practice.

When we are presented subsequently with a bill we find there are many clauses in these taxation bills of which there has been no notice in the resolutions in a detailed and definitive form. Therefore I am referring very broadly to some of the items upon which I should like to have an expression of view from the minister in view of the fact that this legislation has been in operation for some 17 months.

Mr. Fleming (Eglinton): Mr. Chairman, a good deal of latitude has been extended to the hon. member in the hope that we would thereby save time and not be wasting time on points of order. However, we have heard a review of what happened in the standing committee in 1958, which is water under the bridge now and has no connection of which I am aware with the amendments now proposed. In addition, the hon. member is

now going a good deal further and is embarking on a review of certain sections of the main act. There is no amendment to section 28 or section 29 involved in the present resolutions whatever.

Mr. Benidickson: Section 26.

Mr. Fleming (Eglinton): The hon. member has before him a resolution and it is my respectful submission, Mr. Chairman, that that gives him no right to start in to examine all the sections of the main act in detail and review the discussion that occurred on those sections when the bill was under debate two years ago. Surely this is going very far afield and I submit that the hon. member cannot relate this to any general remarks that he was making at an earlier time.

Mr. Benidickson: Mr. Chairman, I am sure you are familiar with the precedents when we have discussed budget resolutions in the past. When the minister sat on this side of the house he was, of course, one of the most arduous critics that we had when we were on the other side. He was as always very exhaustive in his analysis of any legislation presented to the house and in the many years that I have sat with him in the house he never at this stage confined himself as he is suggesting it would be proper for me to confine myself. I suggest, Mr. Chairman, that when we are discussing legislative proposals at the resolution stage it is certainly in order for the committee to consider alternatives to those proposals before the bill is finally drafted and presented to the house. That is the traditional practice at the resolution stage. That is what a resolution is for. It is for the purpose of hearing the broad intentions of the government in giving notice of its intention to bring down a bill, and surely the government wants to hear from the opposition and other members of the committee in the informal way provided at the resolution stage as to what should be included in the bill before it is drafted and presented to the house.

The Chairman: Order. Has the hon. member concluded his remarks on the point of order?

Mr. Benidickson: Yes.

The Chairman: I would think that the point of order has some value. I might refer the hon. member to a decision two years ago as found in *Hansard* of July 22, 1958. There was a reference at that time by the deputy chairman to standing order No. 59, section 2, which, as everybody knows, provides that speeches in committee must be strictly relevant. The deputy chairman continued:

> Now this is an amending act—
>
> [Mr. Fleming (Eglinton).]
>
> I think that is the case here. We have a resolution providing some amendments to the Estate Tax Act.
>
> —and when you amend an act it does not open up the discussion of the full act.

Mr. Martin (Essex East): Is there a ruling to that effect? Are you saying there is a ruling to the effect that when amendments to an act are brought in the whole act may not be discussed?

The Chairman: Yes.

Mr. Martin (Essex East): Would you mind giving us the precise citation?

The Chairman: It is found at page 2551 of *Hansard* of July 22, 1958. I would understand that any discussion as to alternatives to the items mentioned in the resolution would be relevant but certainly not a discussion of all the other clauses of the act which are not being amended by the resolution and which one hon. member thinks should be. Otherwise the old act would come under the discussion in such case. We are discussing resolutions to amend the act in certain respects. In order to be relevant, the discussion must be confined to the points which are raised by the resolution.

Mr. Benidickson: I draw your attention, Mr. Chairman, to the governing clause which is the opening sentence of the resolution:

> That it is expedient to introduce a measure to amend the Estate Tax Act and to provide among other things:—

In other words, the resolution itself indicates that what is before us in perhaps six spelled out points is not necessarily exhaustive and fully indicative of the intentions of the minister when he brings down his bill. Surely this matter cannot be one-sided. May I simply also say to Your Honour that you are referring to one ruling of last year. I say it is contrary to practice that I have known in 15 years' membership in the House of Commons. Surely just because we have a new administration we do not necessarily have, simply by interpretation by the chairman, new rules for the House of Commons. We have devoted the whole day so far to considering the proper method of changing the rules. We are setting up a committee for that purpose. But surely we do not somersault with respect to the traditional practice in our committee by the results of a ruling of one chairman.

Mr. Fleming (Eglinton): Mr. Chairman, that is a most improper reflection on the Chair. An hon. member with the experience of the hon. member for Kenora-Rainy River does not do himself justice by proceeding in that way. He knows quite well that this matter

was the subject of a ruling in 1958 and that the ruling that was then made followed the established practice of the House of Commons.

Mr. Benidickson: No.

Mr. Fleming (Eglinton): There is ample authority for the proposition that the introduction of an amendment to an act, whether it is a taxing act or any other act, does not open the whole main act for consideration.

Mr. Martin (Essex East): May I ask the minister a question—

Mr. Fleming (Eglinton): If the hon. gentleman has forgotten may I remind him and also the hon. member for Essex East of the ruling given in 1957 in the time before the change of administration by the then deputy speaker, the late Mr. William Robinson. It is to be found at page 3022 of *Hansard* of April 3, 1957.

Mr. Benidickson: Was that on budget resolutions?

Mr. Fleming (Eglinton): This was a debate on a resolution to amend the Income Tax Act. The chairman intervened as follows:

The Chairman: Order. May I intervene here to say that I believe to some extent we are repeating what would more appropriately be said in the budget debate. I have not interrupted the hon. member up to this point because I thought he was laying a groundwork for discussion of this resolution but I must point out to the hon. member that we are now discussing the resolution with regard to income tax which is very confined and set out in numbered paragraphs. I do not believe that a general speech of this kind is in order.

If I allow latitude to the hon. gentleman I of course must allow latitude to other hon. members to reply and we are in committee governed by the strict rule of relevancy. I must ask the hon. member to confine his remarks to the proposals which are set out in this particular resolution.

Mr. Fraser (Peterborough): Mr. Chairman, are you taking them one by one?

The Chairman: I understand that in previous years—if my memory serves me correctly—I did call them for discussion paragraph by paragraph. That is up to the committee of course. If the committee agrees I would be glad to do it in that way but in any event we must confine ourselves to the resolution itself.

As to the resolution itself, Mr. Chairman, I draw your attention to the fact that the resolution opened with precisely the same formal opening words as the resolution now before the committee. It opened with these words:

Income Tax Act

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide, amongst other things:—

Then follows an enumeration. In that case it was a lengthy enumeration of over a dozen paragraphs with many subparagraphs. It is therefore quite clear that the hon. gentleman has misconceived the proper interpretation and that he is not at liberty to stray into particular subjects related to the principal act but which are not involved in the resolution now before the committee. He began by saying that he wanted to make some general remarks. Perhaps exception could have been taken to that statement but we did not wish to intervene if he had something to say that was a foundation for some specific remarks he proposed to make related to the terms of the resolution. But that is a different matter from what he is doing now, Mr. Chairman. He is now proposing to go into individual subjects that are not related to the resolution at all.

Mr. Crestohl: On the point just raised by the Minister of Finance, I should like to draw his attention to the fact that the introduction of this resolution is altogether different from the introduction of the resolution, for example, on the Excise Tax Act. This resolution reads as follows:

Resolved, that it is expedient to introduce a measure to amend the Estate Tax Act and to provide among other things:—

With respect to the Excise Tax Act the introduction to the resolution reads as follows:

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act to provide:—

The wording is not "among other things". It states strictly: "to provide". We are now dealing with the Estate Tax Act resolution wherein it is stated "and to provide among other things". We can be told that we did not limit ourselves to the six items of the resolution because we made provision for us to be able to introduce "other things". If that is indicated, it is certainly althogether different from the introduction of the resolution with respect to the Income Tax Act. I think the committee ought to know what those other things might be. Otherwise far too much latitude is given and we can be taken by surprise later. I think we met that difficulty last year. My memory is not clear on this matter but I recall that we wrestled with that problem last year. I like the wording, for example, in the Excise Tax Act resolution which is the same type of resolution and which is as follows:

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act to provide:

And then follow paragraphs 1 to 6. The situation would then have been different and your ruling, Mr. Chairman, on relevancy would have been more accurate. I do not say it is not accurate as it is but it would have been more accurate if the introduction to this resolution had been:

Resolved, that it is expedient to introduce a measure to amend the Estate Tax Act to provide:

And the items have been enumerated from 1 to 6 as they are here. But it says more than that. It says, "to provide among other things". "Among other things" certainly touches almost the entire act. Any section of that act can be amended in the bill that may come before the house if this resolution permits it to do so.

Mr. Bell (Carleton): If any significance is to be attached to what the hon. member for Cartier mentions—and I submit it ought not to be—may I draw to your attention, Mr. Chairman, that on April 3, 1957, in connection with the ruling read by the Minister of Finance, the resolution in relation to the Income Tax Act read as follows:

> Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide, among other things:—

There followed approximately a dozen enumerated matters or in other words, precisely what the hon. gentleman has referred to. On the basis of that type of resolution the then deputy speaker of the house, Mr. William A. Robinson, one of the distinguished deputy speakers of this house, ruled in accordance with what was read by the Minister of Finance, and that ruling has been followed on a number of occasions to which I could draw Your Honour's attention if it were necessary, both by his honour the deputy speaker Mr. Courtemanche and by his honour the deputy speaker Mr. Sevigny.

Mr. Crestohl: Mr. Chairman, may I say that the parliamentary secretary should then tell the committee whether there is any difference between the two methods of introducing the resolution, where in the one case provision is made for "among other things" and in the other case no such provision is made. Do they both mean the same thing? Is the latitude of debate identical in both cases? If it is identical, then why burden the resolution with the words "among other things"? If we are to be restricted to the six items, why put in the words "among other things" and not put in the same wording in the excise tax resolution? They both do not mean the same thing.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member for Cartier has been a member of this house for some time and I thought he was well aware that the forms used with respect to these four resolutions are those which have been used in this house for many, many years, indeed, as long as any of us have been in this house. The form used here respecting the resolution concerning the Income Tax Act and the Estate Tax Act is the form which has been in use with respect to those statutes and their predecessors for, I think, as long as any hon. member of the present house has been in this house.

The reason—and I thought he was well aware of this—that a different form is used with respect to the amendments to the Excise Tax Act and the amendments to the Customs Tariff is that those amendments come into effect on budget night. The amendments to the Income Tax Act and the Estate Tax Act normally, unless otherwise provided, come into effect on a date stated in the act or on royal assent.

Mr. Chairman, this is fully established procedure in this house. The formulas used here containing the introductory words have been established for many years. Every hon. member of this house knows that the bill to amend the Income Tax Act always contains many provisions which are not specifically referred to or spelled out in the resolution which precedes it. That has always been the fact. Sometimes you will have a dozen particular provisions selected for mention in the resolution and you may find the bill running to 30 or 40 pages of detailed provisions. There is nothing new about this. This is the well established practice of the house.

Mr. Benidickson: The minister is familiar with his intentions with respect to the bill, and I am grateful to the hon. member for Cartier for pointing out the distinct difference between the introductory words introducing the Estate Tax Act resolutions and the resolution with respect to the Excise Tax Act. Has the minister the intention of bringing in with respect to this bill to amend the Estate Tax Act items, under this basket of other things, which are not referred to in these six paragraphs which are before us in the document?

Mr. Fleming (Eglinton): There will be some provisions, of course, as will be expected by hon. members who have had experience in this house, in the same way as matters are selected for special mention in the resolution respecting the amendment to the Income Tax Act. This is well known to all members.

Mr. Benidickson: Mr. Chairman, my hon. friend, the hon. member for Bonavista-Twillingate has very kindly drawn my attention to citation 268 on page 222 of Beauchesne's Parliamentary Rules and Forms, fourth edition, and this I would direct to your attention. The first paragraph says:

> Though it is the function of the committee of ways and means to impose rather than repeal taxes, examples of the repeal of taxation effected in this committee are to be found upon the *Journals*.

This is the significant sentence:

> Proposals for the variation or modification of taxation can therefore be made in the committee—

I suggest, Mr. Chairman, that if proposals for the variation or modification of taxation are appropriate for the committee of ways and means, surely it is appropriate to discuss certain suggestions to the minister with respect to variation or modification of taxation and the specific proposals as advanced by him in the resolutions.

Mr. Fleming (Eglinton): Mr. Chairman, surely the hon. member has been in this house long enough to know that there is still the rule of relevancy. That is what he is completely overlooking. He brings himself, he thinks, under one rule and therefore says, "Abolish or forget the other rules which apply".

Mr. Martin (Essex East): Mr. Chairman, I have listened to this discussion with some interest and I will admit that one is restricted in the literal interpretation one wants to give to the situation by the mere citation of the observations made by Mr. Deputy Speaker Robinson in 1957. But each situation has to be governed in the light of the facts that attend it in the instance under immediate discussion.

This act is no more different than any other bill introduced into this house except that, as it is included in the ways and means chapter of the budget resolutions, the Minister of Finance gives it a quality altogether different from any other bill introduced into this house. Is it seriously to be argued that if a bill were introduced into this house dealing with some aspect coming within section 91 of the act, on the first clause of the bill an hon. member would be precluded from arguing that the bill was insufficient because it did not seek to embrace a particular situation? The Minister of Finance, if he follows me, certainly would not argue that that kind of argument could not be made. Of course an hon. member must speak about the bill before the house. In that sense he must make an argument that is relevant. But that does not mean that he cannot argue that a bill is insufficient because it does not include a particular provision.

As I follow the argument of the hon. member for Kenora-Rainy River, what he was seeking to establish was that, if among other things not specifically mentioned in paragraphs one to six there was not included something in another section of the bill, then it ought to be included. Surely there is an undue restriction of debate to take any other position, and I do not think that the rulings which have been referred to intend to go that far.

This measure is no different from any other bill, and the fact that it is included in a ways and means resolution does not give it a character or restriction different from any other particular measure. If that is the case then it is an ordinary bill, and in an ordinary bill on the first clause it is open to an hon. member to say: "I agree with this section; I agree with all provisions in this bill, but the bill is deficient because it ought to go further." If an hon. member is precluded from saying that on this measure, why should he not be precluded on any other bill? I cannot believe for one moment that the Minister of Finance is serious in suggesting that an hon. member is not at least to be given that latitude, and that was all that the hon. member for Kenora-Rainy River was seeking to do.

Mr. Bell (Carleton): Mr. Chairman, if the hon. gentleman's statements did not have such a ring of familiarity we would give them a greater degree of credence.

Mr. Martin (Essex East): You are referring to the Excise Tax Act in 1958.

Mr. Bell (Carleton): But the fact is that the hon. gentleman has argued this matter before in committee and it has been determined by the house. The hon. gentleman argued with his usual eloquence on July 22, 1958 in connection with the Excise Tax Act. The resolution which was then before the house had this lead:

> Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, among other things:

Then followed a number of enumerated matters. The hon. member made precisely the same argument. Indeed, I think he used the exact words which he used tonight.

Mr. Fleming (Eglinton): No; the argument he used in 1958 was better than tonight.

Mr. Bell (Carleton): Yes, it was much better than tonight; I am sorry if the hon. gentleman is slipping as he ages. Mr. Deputy Chairman at that time said this, as reported on page 2551 of *Hansard* for July 22, 1958:

> It is, of course, up to the Chair to follow the regulations set out here, and with regard to what was said by the hon. member for Ottawa West, standing order No. 59 does say in section (2)
>
> "Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration."
>
> Now this is an amending act, and when you amend an act it does not open up the discussion of the full act. All hon. members realize that.

That is, except the hon. member for Essex East.

> The Chair wants to be as generous as possible, of course, in order to help the thing go through, but we cannot let this grow into a debate on the entire Excise Tax Act, and therefore I will have to ask members to limit their general remarks to items that appear in this amendment. There is no other way, and that is the ruling of the Chair.

The hon. gentleman from Essex East appealed that ruling, a ruling on precisely the matter which is now before the committee. The house upheld the ruling of the Chair. Perhaps the hon. member does not agree with the ruling which was then made and upheld, but at least as a believer in democracy, and as one who so vigorously applauded the speech which was made this afternoon by the hon. member for Greenwood, he should uphold the ruling which was then confirmed by the majority.

Mr. Crestohl: The parliamentary secretary to the Minister of Finance owes a duty to the house as well as to himself to explain this matter further. Why is it that the present resolution does not use the words "among other things"? We are entitled to an explanation why this phrase is used sometimes and why it is not used at other times.

Mr. Bell (Carleton): The Minister of Finance has explained.

Mr. Crestohl: He has mentioned what the practice was in the past, but that does not always mean it is right. Somewhere along the line it is bound to happen that an old practice is not right after all. That is not a sufficiently sound argument to convince me, to say that because a course has been followed for many years it is necessarily right. I do not say it is not, but I want an explanation why the wording is different in the case of this particular resolution. In 1958 the wording was such as to include the phrase "among other things". That could mean one thing, in which case why is the wording of the present resolution different, in that it does not include this expression "among other things"? What is the difference in the two forms of the resolution?

Mr. Benidickson: Of course, the Minister of Finance attempted an explanation, but his parliamentary secretary has pulled the rug from under him. The Minister of Finance made two points in answering the hon. member for Cartier when he asked for an indication of the meaning of this phrase "among other things". First, he said that the language in this resolution—and we have three or four—was in the form which had been followed from time immemorial. He said in the second place that the reason for the differentiation between one resolution and the Excise Tax Act resolution was that in one resolution the tax became effective on budget night and in the other it did not. The parliamentary secretary has just indicated that he does not agree with the Minister of Finance on either score, because he has pointed out that the language introducing the Excise Tax Act in 1958 is not the same as it is now in 1960.

Mr. Bell (Carleton): And for a good reason.

Mr. Benidickson: I would imagine that in 1958 the tax became effective on budget night.

Mr. Pickersgill: Before you make your ruling, Mr. Chairman, I must say I have been somewhat astonished to discover that of all the members of this house the Minister of Finance should rely on a decision of Mr. Deputy Speaker Robinson. Some of us remember one famous occasion when the hon. gentleman was not willing to rely on decisions of the deputy speaker of this house.

Mr. Bell (Carleton): To his very great credit.

Mr. Pickersgill: To his eternal discredit.

Mr. Bell (Carleton): Nonsense.

Mr. Fleming (Eglinton): Is this relevant to the resolution?

Mr. Pickersgill: It is relevant to the authority. The hon. gentleman did not think much of the authority on that occasion. It seems to me that what has been ignored entirely is the first phrase—the first four words—in this resolution. The resolution begins—and I point out Mr. Chairman, that it is a resolution, not a bill—by saying: "Resolved that it is expedient—" I have never been able to understand how there can be an argument that something is expedient without it being possible to argue at the same time that it is not expedient. Surely we are not to be restricted in our argument that something is not expedient because the language is different in some way and, as I apprehended, that is what the hon. member for Kenora-Rainy River was seeking to do.

The Chairman: There is no doubt, I think, in the mind of any hon. member that standing order No. 59, section 2 applies here. Therefore, we must have strict relevancy. As to what may be the exact meaning of relevancy I understand there may be disagreement, but I do say that it has to be a reasonable interpretation; it has to be reasonably relevant any way in the opinion of an ordinary man.

Hon. members have referred to previous practice, especially the hon. member for Kenora-Rainy River, but all the cases which have been mentioned show that the Chair has applied the rule of strict relevancy in cases similar to this one, and no precedent has been mentioned to the contrary. The hon. member for Cartier has drawn the attention of the committee to the words "among other

things". The Minister of Finance has given an explanation, but from the viewpoint of the decision of the Chair I may say that I cannot open the door to unlimited discussion and abolish the rule of relevancy by holding that "among other things" makes it possible to introduce any kind of an amendment which is not mentioned in the resolution. An amending act does not permit discussion of the main act.

Of course, if later on when the act is introduced some hon. members think objection should be raised as to the sufficiency of the notice, then this may be discussed. The hon. member for Kenora-Rainy River has also referred the Chair to citation 268 of Beauchesne. I would say that this citation has no relation to the subject of relevancy but rather to amendments in committee of ways and means. Of course, if an amendment is submitted to the committee, its validity can be examined, but in relation to its contents. I would refer the hon. member to citation 276, paragraph 2 of Beauchesne's fourth edition, which relates to the previous one and which confirms the views I have just expressed. There may be a general discussion as to all the amendments which are indicated by the resolution, but the discussion must be relevant to any of those items, or all of them.

Mr. Martin (Essex East): May I be permitted to ask a question for clarification? On the basis of the ruling which Your Honour has made or is about to make, one is precluded from discussing at this stage anything except the enumerated proposed amendments. I readily admit we are only discussing the resolution stage, not the bill, as I mentioned a moment ago. But there are more than these enumerated amendments about to be introduced, and they are covered by the phrase "among other things". So the situation is that one is at the mercy of those who know the contents of the bill if one is to be in order in discussing this matter, because obviously if one had any foreknowledge about the matters to be covered by the proposed amendments which are greater in number than those which are enumerated he could deal with all those undisclosed amendments.

However, one is precluded from doing so, not by the Chair and not by the rules but by the knowledge which is possessed only by the authors of the bill. Surely, the hon. member for Kenora-Rainy River is in as strong a position as the chairman of this committee who does not, I presume, know the contents of this bill. It may be that the very matters which the hon. member for Kenora-Rainy River has been discussing are matters which are covered by the phrase "among other things", not in the enumerated six clauses. The only one who is in position to govern the situation in terms of relevancy of which Your Honour speaks would be the Minister of Finance. Surely we are not to be placed in a position of that kind, and the hon. member ought to be allowed at this stage the latitude he seeks, because the very matters he mentioned may be among other things not referred to in the six clauses which appear on page 7.

The Chairman: I thought I had dealt with the objection raised by the hon. member for Essex East. In my view, the resolution which is before the committee of ways and means can have reference only to the imposition or reduction of taxation. The bill itself may have reference to other aspects than those indicated here. If it does, then these new matters may be discussed in committee of the whole on clause 1 of the bill. Therefore, I would think that the ruling which I have indicated, and which I reiterate, should be accepted.

Mr. Benidickson: On paragraph 1—may I combine it with paragraph 2, because I think they are closly related—I take it that under the statute as it existed one would be entitled to an exemption by reason of an intended charitable bequest if that bequest was made to an organization. A person may have an idea that he would ask his trustees to set up some scholarship which would be at the discretion of the trustees, and I take it that under the act, despite what the average testator might think, he is not entitled to the deduction from taxation as a charitable bequest. So what the minister is doing here is, first of all, indicating that specifically the act can be extended to a charitable foundation. In the definition will it later be indicated whether that is a foundation of the testator or other foundation such as The Atkinson Charitable Foundation, and so on.

Mr. Fleming (Eglinton): There is, as I am sure the committee will appreciate, a difference between a direct gift to a charity which is actually engaged in a charitable operation and a gift to an organization as, for instance, a foundation which through its trustees or board of directors distributes money among organizations which are directly engaged in charitable enterprise. Hitherto, under the Dominion Succession Duty Act and thus far under the Estate Tax Act only the former case has been treated as a gift to charity. Now it is proposed to enlarge the scope of the rule in order to provide that a gift to a charitable foundation shall be regarded for the purpose of the act as a charitable gift.

Mr. Benidickson: Would the minister indicate that under present law my rather rough interpretation was correct, that if a

testator was indicating in a will that he wanted to set up some scholarships, to leave it to the trustees rather than, shall we say, specifically to a university or to an organization, that it would be invalid in so far as exemption from estate tax is concerned.

Mr. Fleming (Eglinton): The other question raised by the hon. member concerns whether the charitable foundation in question must be one set up by the testator himself. No, it need not be so, but I want to make the point clear that hitherto a mere gift to a charitable foundation, so-called, did not entitle that gift to be treated for the purpose of the act as a gift to charity unless the charitable foundation itself was engaged in a charitable enterprise. In that case the gift was brought under the first of the two cases, but it was because the recipient was actually engaged in a charitable operation. This is intended to enlarge the provision and make it clear that a gift to a charitable foundation, even though the foundation itself might not be engaged directly in a charitable operation but is dispensing funds among charitable agencies or organizations engaged in charitable operations, will now become exempt for this purpose.

Mr. Benidickson: Has the minister given consideration to the practice in the United Kingdom where I believe the matter of whether or not a bequest is for a charitable purpose is based on common law precedents with respect to what is a charity. I would imagine that in the first instance the taxation authorities have discretion to decide whether or not some personal arrangement for scholarships such as I have indicated was satisfactory for that purpose. If there were a dispute between the taxing authorities and the executors I suppose it would be settled by the law courts. In our case, it must be an organization, I think. Has the minister given consideration to following British common law with respect to a wider concept of what is a charitable bequest?

Mr. Fleming (Eglinton): The provision in the act to which I direct the attention of the hon. gentleman is section 7(1) which provides:

> For the purpose of computing the aggregate taxable value of the property passing on the death of a person, there may be deducted from the aggregate net value of that property—

Certain amounts. Subparagraph (d) specifies gifts to what may be called charity. In this particular case it is the value of any gift made by the deceased, whether in his life time or by his will, where such gift can be established to have been made absolute to:

> (1) any organization in Canada that, at the time of the making of the gift, was a charitable organization operated exclusively as such and not for the benefit, gain or profit of any proprietor, member or shareholder thereof.

In the interpretation of these words of the statute I do not think there has been any serious difficulty. Reference could, of course, be made to the common law and to the decisions of the courts as to what is a charitable gift.

Mr. Crestohl: I think there is a departure here, because the Canada Council is also known to hand out scholarships.

Mr. Fleming (Eglinton): That is the next paragraph. We are dealing with No. 1 at the moment. That is No. 2.

Mr. Crestohl: I beg your pardon. I should like to discuss that.

The Chairman: Is it agreed that we discuss this paragraph by paragraph? Shall paragraph 1 carry?

Paragraph 1 agreed to.

On paragraph 2.

Mr. Crestohl: Of course we all welcome paragraph 2, but I wonder whether we understand it in its entirety. The Canada Council is not restricted to dealing with charities pure and simple; they also hand out funds and provide for scholarships and bursaries. I wonder whether the minister envisaged that anyone who does make a bequest, which would be the equivalent of a scholarship or 10 scholarships or 10 bursaries in the same class that the Canada Council provides, would be in this position, that those bequests would be deductible even though they are not bequeathed to the Canada Council itself but are for the very same objectives? I am afraid that we are opening up a door here which I think would be very welcome to encourage scholarships and higher education.

Mr. Fleming (Eglinton): I point out to the hon. gentleman that to qualify under the act at present it would have to conform with the provisions of section 7(1)(d), which I read a moment ago. The gift in that case must be made to some charitable organization. The present paragraph is designed to make gifts to the Canada Council qualify as charitable donations. The Canada Council is a charitable organization within the meaning of the old Dominion Succession Duty Act and the present Income Tax Act. Hitherto, it has not been deemed a charitable organization for the purpose of this act. That is the reason why we are asking the committee now to provide for the purposes of the Estate Tax Act the Canada Council

shall in fact be deemed a charitable organization so that a gift to the Canada Council will be deductible from the aggregate value of the estate.

Mr. Crestohl: Does the minister not see the relationship there? The Canada Council will provide scholarships, and anyone who wishes to make a bequest through the vehicle of the Canada Council to provide scholarships will find that they will be deductible. If similar scholarships are provided through another vehicle, through another organization which does not fall within the scope of this section 2 or section 7(b)—

Mr. Benidickson: Or through his executor.

Mr. Crestohl: Yes, or even through his executor, they will find that they are not deductible. I can understand that this section is in a class by itself if the bequest is made to the Canada Council. Why should not a bequest which is made for the identical purpose but not through this vehicle or this avenue but through another one be deductible? I see a difficulty there. I do not want to say it will be a discrimination, but it certainly will be setting something aside and making an exception of a scholarship given through this channel as against a scholarship given through another means. If it is the intention to encourage the giving of scholarships and bursaries then the exemption should be allowed under the general heading of granting scholarships and bursaries and not restricted only to scholarships and bursaries given by the Canada Council.

Mr. Fleming (Eglinton): The gift must still be through a charitable organization. In the case mentioned by the hon. member for Cartier, the form of gift, in order to acquire exemption, would need to be a gift to a particular charitable organization for the purpose of providing scholarships or bursaries. This would entitle the gift to the exempt status. It must still be a gift to a charitable organization within the provisions of section 7(1)(d).

Mr. Crestohl: I am sure the minister understood my analogy. The bequest ultimately goes for education and if the testator leaves a bequest to his executor and says, "I want this money to be used for scholarships of the same kind, class and category as those that are given to the Canada Council", why should that bequest not be deductible? That I cannot understand.

Mr. McMillan: When paragraphs 1 and 2 are enacted they will apply in respect of deaths after January 1, 1959 instead of January 1, 1960. Why is that so?

Mr. Fleming (Eglinton): The hon. gentleman will find the provision for the effective date of the amendments in paragraph 6 of the resolution.

Mr. Pickersgill: The hon. member asked why that date was selected.

Mr. Fleming (Eglinton): In order to give to the persons who might have made gifts under those circumstances the benefit of an exemption since December 31, 1958. It is a relieving provision.

Paragraph 2 agreed to.

The Chairman: Shall paragraph 3 carry?

Mr. Benidickson: When the Minister of Finance briefly described his intention with respect to the amendment of the Estate Tax Act on budget night I think he made the comment that we would be faced with resolutions which on balance were neither specific, relieving nor adding new imposts. I find that paragraph 3 is indeed a new form of tax. That was something that escaped attention in the existing statute. Will the minister explain the past history of insurance of this kind? Has he any knowledge of what might be taken in as a tax if this particular item is passed?

Mr. Fleming (Eglinton): Mr. Chairman, this in essence is more a matter of eliminating a doubt as to the effect of the present provisions than of imposing any new tax. This has reference to the provisions of section 3(1)(m) of the Estate Tax Act. The purpose of the proposed amendment is to ensure that death benefits arising out of employment which are now generally subject to estate tax will be taxable when they are in the form of life insurance payable to the beneficiary of the deceased.

Although life insurance owned by the deceased at the time of his death is now taxable, life insurance owned by the employer on the life of a deceased, for example, in a company group insurance scheme, may at present escape tax even if payable to a beneficiary of the deceased. This is a matter of rectification of an anomaly by our removal of the doubt in this respect. The words that appear in the paragraph: "for the benefit of the family of the deceased" were used in the resolution to make it clear that a policy owned by an employer on the life of a key employee which is payable to the employer would not be included.

Paragraph 3 agreed to.

Paragraphs 4 to 6, inclusive, agreed to.

Resolution reported.

INCOME TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Income Tax Act to make provision in respect of a new class of profit sharing plans under which

(a) amounts allocated by the trustee shall not be included in the income of an individual who is a beneficiary under the plan until the year in which they are received,

(b) no tax shall be payable by the trustee under the plan on the taxable income of the trust,

(c) an employer may deduct in computing income for the year an amount which when added to his contribution, if any, under a registered pension fund or plan does not exceed $1,500 per employee.

Mr. Benidickson: Mr. Chairman, I take it that the minister is dealing with the first resolution with respect to income tax. This is a new concept. Perhaps the minister would see fit to enlarge upon his comments made on budget night, particularly as he indicated that this house this session is not going to be asked to do more than to receive the bill at first reading. Our debate on the bill at this session will conclude at that stage.

I recognize that for certain types of profit sharing plans we will be completely reversing the stage at which we impose an income tax. It seems to me it would be appropriate for the minister to outline his expectations and plans at this stage. I realize he is following a precedent that we have had in the past with respect to the Estate Tax Act which we were discussing and also some years ago with respect to the Income Tax Act—I think it is a good practice—whereby a bill is introduced and those who are specialists in the field then have the opportunity between sessions to examine the intent of the minister. The minister also graciously indicates that he is prepared to receive comments, criticisms and recommendations in the interim before he really asks his colleagues in the House of Commons to accept any radical change in taxation methods.

Mr. Fleming (Eglinton): Yes, Mr. Chairman, I would be pleased to say something about the purpose of this resolution. As I indicated in the budget speech on March 31, it is our intention at the present session to introduce a separate bill to amend the Income Tax Act in respect of profit sharing plans and to carry that bill no further than first reading at the present session. Then between now and the 1961 session full opportunity will be afforded to hon. members, to persons interested in this subject and to the professional groups, lawyers, accountants and any others who may be interested, to study the measure and to assist us with their views.

This is proposed partly because this will be quite a new departure in the Income Tax Act and partly because this is a highly complex subject. It has been considered by the Department of Finance for some years. It was considered before I became minister and my colleagues and I have had the problem under study for nearly three years since the present government came into office. I stress, Mr. Chairman, that what we are doing tonight is simply asking the house to give approval to the introduction of a separate bill for this purpose. The provisions will not appear in the bill to amend the Income Tax Act which will be introduced following approval of the second resolution under the Income Tax Act. In other words, this year we have two resolutions respecting the Income Tax Act. The second is the ordinary one with the detailed provisions which will be followed by the introduction of a bill to be carried through all stages with a view to coming into effect by enactment at this session. The first resolution will lead to the introduction of a separate bill and that bill will not be carried beyond first reading at this session.

Without trying to make this subject look too complex for this purpose because it is, as I have indicated, a very highly complicated matter, and without asking the house to spend a lot of time on this abstruse subject in view of the fact that it will be exposed for further study and there will be ample opportunity at the 1961 session to consider it as fully as the house may wish, let me give a general explanation of the purport of the proposed provision.

This resolution proposes that legislation be introduced to provide a new code of rules for taxing profit sharing plans. The existing legislation in respect of such plans will not be disturbed but the way will be opened for a new class of profit sharing plans. The main change in the tax treatment of plans coming under the proposed new legislation will be that employees will not be required to pay income tax on the amounts allocated to them each year under a plan if these amounts are held by a trustee and accumulated. The tax on these amounts will be deferred until the amounts are actually received by the employee.

Profit sharing plans take many forms but they can be divided roughly into two groups. There are what might be called the cash plans and what might be called the deferred plans. Under the cash plans, of course, the employer pays a bonus or makes cash distributions to his employees related to profits made in the year in question. This payment made in cash to the employees is the same as other remuneration for tax purposes and, of course, no tax complication or problem arises. Under the deferred plans the employer also makes an allocation of profits to his employees but instead of paying it to the

employees in cash the amount is turned over to a trustee to be held for each employee until he retires. These funds held by the trustee are then invested with a view to earning income. Accordingly each year the trustee for the plan makes an allocation in favour of each employee who is a member of the plan. These allocations are made up of the employee's share of the contributions on account of the profits made by the employer plus the earnings of the accumulated fund to the credit of the employer in the hands of the trustee.

As the law stands at present employees are subject to income tax on these allocations each year even though they may not receive these allocations in cash until many years later. Of course, the proceeds from the plan are not taxed when actually received if they have been taxed each year as they were allocated. This requirement that the tax must be paid each year on amounts allocated but not actually received is, we are told, discouraging participation in profit sharing plans. If so it stands in the way of achieving the full social benefit to be derived from having employees share in the prosperity of the enterprise which provides their employment. Moreover, if employees are discouraged from participating in deferred plans they will probably save less to provide for their years of retirement.

The proposed legislation will provide for tax deferment for those plans that elect to come under these new provisions. This means that amounts allocated by the trustee shall not be included in the income of the employee until the year these amounts are actually received. It will also be provided that the income of the trustee will be exempt. This exemption for the trustee exists under present legislation for profit sharing plans and also for trustees under registered pension plans and the R.R.S.P's, registered retirement savings plans.

Under the legislation at present governing the taxation of profit sharing plans the employer may deduct the amounts he contributes into the plan without any limit. Here I am coming to the tax position of the employer. Since the present rules require the amount the employer contributes to be allocated among the employees and taxed each year, whether or not actually paid out, it is the same for tax purposes as any other remuneration. Accordingly there is at present no need to place any limit on the amount the employer contributes just as there is generally no limit on the amount the employer may deduct on account of salary or wages paid to employees.

On the other hand, under the new proposal the employee is to be permitted to defer tax on the amounts allocated to him under the plan and accordingly there must be some limit on the amounts involved if revenue is to be protected and equality maintained with the other provisions in the act for tax deferment. For this reason the resolution proposes that the amount an employer may deduct for contribution into this new class of profit sharing plan plus his contribution, if any, under a registered pension plan shall not exceed $1,500 per employee. The legislation proposed by this resolution will set out the conditions which have to be met in order that plans may become registered deferred profit sharing plans.

The main difference between the proposed registered deferred profit sharing plans and existing registered pension plans will be that there will be no employee contributions into the deferred profit sharing plans. It will be possible, of course, for employee savings plans to be operated in conjunction with deferred profit sharing plans but the employee will not be allowed to deduct amounts paid into such savings plans. In view of this important difference from employee pension plans, the rules governing the investment of the funds of deferred profit sharing plans and the rules concerning payment of the proceeds in a form other than as retirement income will not have to be as restrictive as for employees pension plans.

Mr. Benidickson: I am grateful for that explanation of the minister's plan as he conceives it at the moment. I think it is desirable that this procedure be encouraged. The last estimate I had as to progress along that line in Canada suggested to me that we do not seem to be moving along by any means as rapidly in this field of employer-employee co-operation and planning, particularly for retirement, as is the United States. A couple of years ago at least I think there were some 250,000 different businesses in the United States that had profit sharing plans and at the same time about two years ago there were in Canada known to us only about 250. Hence in proportion to population and so on we are falling somewhat behind.

I think the relative figures with respect to participation by employees about two years ago were two million employees covered in the United States and only about 100,000 employees in Canada. The minister may have more up to date figures. However, this is not as new a policy as some of us might have imagined. I myself was rather surprised to find that in the late 1880's—as long ago as that—there had been held in Paris an international conference of those who were interested and who were participating in profit sharing plans. Even in this country

we have had an excellent example of a company which has had this plan in operation for almost 50 years—I refer to the Canadian Kodak Company. I think it was in 1957 a distribution they made at that time was the equivalent of $545 for each employee. When something of this kind gets established and operated by a well established company such as the Canadian Kodak Company one can see that it is very much worth while indeed.

I quite realize that organized labour has looked a bit askance at profit sharing. They felt that perhaps it was something that would reduce their effectiveness in collective bargaining and so on. But I think those who are interested in this thing have been rather pleased to see that such a leader of organized labour as Walter Reuther, head of the united automobile workers, when he was I think last negotiating in the United States for the united automobile workers in 1958, indicated that this was one of the objectives, that in addition to some other hopes for the achievement of better working conditions he hoped the members of his organization would participate in profit sharing in the automobile industry as well as having a steady advance in wages.

I wonder whether the minister would indicate what he has in mind. If there is now to be a tax deferment—something which there has not been up till now—with respect to the allocation of the shared profits, a tax deferment similar to that which is provided for employees' retirement annuities or for pensions, does he have a concept of something being necessary similar to the blue book of rules for pension funds which I think insists that for the employer and for the employee to get a tax concession of any kind the scheme must be offered without discrimination to any person in the organization or in the company who desires to participate? I think it is true of a pension plan that you cannot set up a scheme under which certain privileged executives get the benefit of a pension and it is not offered to other employees of that corporation. Inasmuch as there will be a tax deferment and the tax is not paid by the individual immediately after the allocation does the minister think that similarly it would be necessary to insist that the privilege be offered to all members of the employer's organization?

Mr. Fleming (Eglinton): I do not think the matter is quite as complicated as that. What will probably follow here after 1961 will be simply a course of practice. The department may choose to issue explanations of this practice to assist those who will be dealing with such plans. But in connection with registered retirement savings plans no manual is issued to inform them and I doubt very much whether any such manual would be necessary with respect to the type of profit sharing plans that are contemplated by the proposed amendment.

Mr. Benidickson: What is the present practice in the United States? Have there been two types of taxation such as I think the minister has in mind? In other words, if it is a cash profit sharing proposition down there do they pay a tax immediately; and if it is a deferred profit sharing scheme do they have tax deferment?

Mr. Fleming (Eglinton): I am told that the United States has two schemes and provisions of the law corresponding to the cash scheme and the deferred scheme in the way I have indicated. However, I would not wish to be too precise in likening the provisions of the United States law to what is contemplated here.

Mr. Herridge: I should like to ask the minister a question. No doubt he knows that certain unions, particularly the international mine, mill and smelter workers, have made representations to the government urging that vesting rights be established in pension schemes undertaken by companies or companies and employees when exemption from taxation is permitted. I know that when I asked the Prime Minister a question he said the government was considering the matter and that an announcement would be made at a later date as to the government's decision. Can the minister tell the committee anything about this matter or how it rests?

Mr. Fleming (Eglinton): That has nothing whatever to do with this resolution under discussion.

Mr. Herridge: It is a separate thing?

Mr. Fleming (Eglinton): It has no bearing whatever on this present resolution. This contemplates an entirely new type of provision in relation to profit sharing plans. It has nothing whatever to do with the kind of scheme to which the hon. gentleman refers. The matter of creating vested rights is something which falls under provincial jurisdiction. All that the federal government can do is to relate certain tax incidence to the question of vesting or not vesting, but that has nothing to do with this subject whatever.

Mr. Herridge: The minister says it falls under provincial rights. But why would the Prime Minister inform the house that the cabinet was considering these representations?

Mr. Fleming (Eglinton): The question as to federal jurisdiction can only arise in connection with tax treatment. The federal authority might provide a tax reduction dependent on whether there are vested rights or rights that are not vested. But that does not create a right to vesting. It only relates certain tax incidence to either vesting or failure to vest. But the right to vest as such is a matter relating to property and civil rights. That is the distinction. It is quite a clear distinction. All that the Prime Minister could refer to, of course, was the tax incidence that would follow. I think that was the way in which he understood the hon. member's question.

Mr. Benidickson: I will just be a minute, Mr. Chairman, if the committee will tolerate it. I share the curiosity and interest of the hon. member for Kootenay West. As I understand the matter with respect to the vesting of the company funds, the point made is that inasmuch as a tax deduction is possible on the part of the employer for his contribution to the pension fund, the government should encourage a vesting by making tax exemptions inoperable if the company does not vest after a certain period of time. It seems to me that if some kind of tax reduction is available to the employer by profit sharing, the government could in these regulations insist that there be a vesting at a certain point; otherwise the employer would not get the benefit of the tax deduction.

Mr. Fleming (Eglinton): As you know, that arises under an entirely different section of the act and does not relate to this at all. I think this could best be discussed on another occasion.

The Chairman: Order. It being ten o'clock shall I rise and report a certain resolution?

Mr. Fleming (Eglinton): Mr. Chairman, if the committee were agreeable I think there is only one more question and we could dispose of this resolution.

The Chairman: Is the committee agreed?

Some hon. Members: Agreed.

Mr. Crestohl: Can the minister tell the house if there has been an estimate made or a calculation of some kind made to declare to the house what advantages there will be to the department in having this passed? Will there be additional income by way of taxes? Will it be administratively easier? We do not know, as it is somewhat complicated, precisely what the advantages would be in enacting this legislation.

Mr. Fleming (Eglinton): This provision is not introduced for the advantage of the government or a department. It is a provision which will relieve taxpayers from taxes which are applicable at the present time. It is virtually impossible to make an estimate of what this may mean because so much will depend on how many of the profit sharing schemes are made to conform to the provisions of the legislation. Therefore one really cannot offer any estimate which will have any value whatever, but I think on consideration the hon. member will see that this is something which is intended to be for the benefit of the taxpayer, not for the advantage of the government.

The Chairman: Shall the resolution carry?

Resolution reported.

Resolutions adopted this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business is for tomorrow?

Mr. Churchill: Tomorrow we will start with the second reading of Bill No. C-56, which is No. 8 on today's order paper, an act to amend the Federal-Provincial Tax-Sharing Arrangements Act. If that is completed we will carry on with the three remaining budget resolutions. If we do not complete that business tomorrow, Wednesday will be a continuation of the discussion of the budget resolutions.

For Thursday the proposal is to finish the discussion of Bill No. C-56; if not on Tuesday then on Wednesday, if not on Wednesday then on Thursday; and in any case budget resolutions would follow that bill.

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

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

CJOR, VANCOUVER—LABOUR BROADCAST

Question No. 359—**Mr. Pickersgill:**

1. Was a broadcast entitled "What are the national issues in the west coast union fight" broadcast by station CJOR, Vancouver, on February 20, 1960?

2. If so, was station CJOR forbidden by the board of broadcast governors to permit the rebroadcast of this program on other stations and, if so, for what reason?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

1. Yes.

2. Station CJOR, Vancouver, was advised that the program could not be rebroadcast until the board received assurances from the station that those holding views opposed to those expressed on the program of February 20, 1960 would be given an equal opportunity to express these views on the first possible program following.

The step taken by the board in this instance was consistent with the provisions of the board's directive to all radio stations entitled "Political and Controversial Broadcasting Policies." This directive requires that, if a station broadcasts a program on a controversial subject, equal opportunity must be given to all parties to the controversy to express their views. After listening to the taped recording of the program broadcast by station CJOR on February 20, entitled "What Are the National Issues in the West Coast Union Fight", the board was satisfied that this requirement had not been met.

HOUSE OF COMMONS

Tuesday, May 10, 1960

The house met at 2.30 p.m.

STANDING ORDERS

CONCURRENCE IN THIRD AND FOURTH REPORTS OF STANDING COMMITTEE

Miss Margaret Aitken (York-Humber) presented the third and fourth reports of the standing committee on standing orders, and moved that the reports be concurred in.

Motion agreed to.

AIR TRANSPORT

AUSTRALIA—STATEMENT ON DISCUSSIONS RESPECTING AGREEMENT

Hon. George H. Hees (Minister of Transport): Mr. Speaker, during the past week civil aviation officials of Australia and Canada have been discussing in Ottawa arrangements for air transport services between the two countries. The existing arrangements were settled under a bilateral air agreement of 1946, but both countries felt these arrangements needed adjustment to meet the requirements of Canada-Australia air travellers in the jet age. Qantas already operates Boeing jets on the route to Vancouver, and Canadian Pacific Air Lines is to take delivery of its Douglas DC-8 jets later this year.

Both delegations agreed that there was a need for the closest possible co-operation between Canada and Australia, two leading members of the commonwealth, in the highly important field of international civil aviation. It was agreed that as a first step toward this objective the air carriers concerned, Canadian Pacific Air Lines and Qantas Empire Airways, should consult on mutual ways and means of providing, on a fully co-operative basis, efficient jet air services for Canadian and Australian air travellers. The air lines were instructed to report the result of their talks to their respective governments, which would then arrange for further official talks.

The official delegation discussions in Ottawa took place in an atmosphere of great cordiality, and both sides expressed full satisfaction with the progress made.

NATIONAL DEFENCE

FLIGHTS OF FOREIGN PLANES OVER CANADIAN TERRITORY

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of National Defence. In view of the alarming report which was made by a respected reporter for the Ottawa *Journal* last evening entitled "Believe Red Spies Fly Over Canada", which in effect states that Russian flights over the Arctic are assumed to have kept an eye on northern development, including the D.E.W. line, can the minister say whether this is a fact and has he any comment to make thereon?

Hon. G. R. Pearkes (Minister of National Defence): A very similar question was answered yesterday by the Secretary of State for External Affairs (Mr. Green). On the D.E.W. line there have been from time to time unknowns, but there has never been a case where it has been possible to confirm that any of those unknowns has been a Russian aircraft.

[*Later:*]

Hon. Paul Hellyer (Trinity): I wish to address a question to the Minister of National Defence with respect to these unidentified planes which have been sighted over northern Canada. I wonder if the minister could tell us by what means we attempt to identify them?

Mr. Pearkes: By means of the radar warning system.

Mr. Hellyer: A supplementary question to the Minister of National Defence. In view of the fact that radar equipment cannot distinguish between friend and foe, will the minister tell us whether we have any planes or rockets capable of making an identification at altitudes of 50,000 feet or more?

Mr. Pearkes: Canada has no planes or rockets capable of detecting aircraft flying over the Arctic ocean or the extreme north of Canada. Of course the radar operators check with the flight plans which have been filed.

EXTERNAL AFFAIRS

U.S. PLANES OVER RUSSIA—REPRESENTATIONS TO WASHINGTON

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs arising out of the regrettable flight of a United States plane over Soviet territory and the disturbing report in this morning's *Globe and Mail* that similar flights are going on even now, before the summit meeting. Can

the minister say whether representations have been made to Washington asking that such flights be stopped?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I would not confirm statements of that kind which appeared in this morning's press. I would think this is rather wild speculation. As I pointed out to the house yesterday, our views with regard to this incident have been made known to the United States government.

Mr. Argue: Has this been done through official channels; through our ambassador in Washington, for instance?

Mr. Green: All our views are made known through official channels.

COMMONWEALTH RELATIONS

INQUIRY AS TO ECONOMIC ASSISTANCE TO AFRICAN COUNTRIES

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Secretary of State for External Affairs if he can outline Canada's proposals for economic assistance to African countries, as mentioned by the Prime Minister last week in London and repeated again today in radio news broadcasts?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I am sure all members of the house will be pleased that at the commonwealth prime ministers' conference in London consideration is being given to the possibility of increasing the present level of economic assistance provided by commonwealth countries to Africa. Hon. members will appreciate that since consideration of the proposal made by our own Prime Minister in London has not yet been completed it would not be appropriate for me to give any detailed account at the present time.

I can say, however, that this government has been concerned for some time about the desirability of the commonwealth countries providing the new and emerging nations of Africa with additional economic assistance. What is contemplated is economic aid over and above what commonwealth countries now contribute in Africa. As we all know, Canada at the present time has a program of technical assistance to commonwealth countries in Africa amounting to about $500,000 each year. In addition, of course, the African members of the commonwealth share in the commonwealth scholarship and fellowship plan whereby young people from the various African universities come to universities in Canada and the other nations of the commonwealth, and possibly Canadian students go to some of the universities in these African countries.

We believe that this initiative in taking further steps to help the nations of the African continent is a very important one, particularly because of the economic and political future of that continent. At the present time I think Africa is the most important continent in the world from the point of view of potential development and potential changes, and with the new nations emerging from time to time it is vitally important so far as the commonwealth is concerned. Nigeria, for example, will become independent on October 1, and I believe that the prime ministers' conference now meeting in London has agreed that Nigeria will be accepted as a full member of the commonwealth. This is certainly a continent to watch and a continent to which all possible assistance should be given.

Mr. Martin (Essex East): May I ask the Secretary of State for External Affairs a supplementary question. Will this plan, a general outline of which has been given to the house, be related in any way, as is the case with the Colombo plan, to any other country outside the commonwealth as a donor?

Mr. Green: Mr. Speaker, we would hope that other countries would participate in this program, and also possibly the United Nations.

INQUIRY AS TO DISCUSSIONS RESPECTING APARTHEID

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to direct a question to the Secretary of State for External Affairs, and ask if he is aware of the report from London on "News Roundup" this morning concerning the refusal of South Africa to discuss apartheid at the commonwealth prime ministers' conference, and of the intention of the Afro-Asians to publicly denounce South Africa and vote her out of the commonwealth? Is there any substance to this report, and has the minister anything to say about it?

Hon. Howard C. Green (Secretary of State for External Affairs): I believe this is another case of speculation. There has been a good deal of press comment in the United Kingdom and, of course, in Canada as well concerning the question of South Africa in so far as it has been dealt with by the prime ministers' conference. I was in communication with our own Prime Minister this morning and there were informal talks held yesterday on this question. These talks have

not yet been concluded. Any statements such as this are premature, and they probably do not help very much to settle this difficult question.

NORTHERN AFFAIRS

FEDERAL PARTICIPATION IN CONFERENCE ON NORTHERN DEVELOPMENT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the Minister of Northern Affairs and National Resources, based on a little news tidbit.

In view of the announcement in Victoria on May 7 by Premier Bennett that a conference of heads of government and technical officials from Alaska, the Yukon and British Columbia will be held there on July 19, and in view of the fact that there are three government jurisdictions involved including the government of the United States, would the minister inform the house whether the Canadian government is participating in the organization of this conference and, if so, why the announcement of the conference has been made only by Premier Bennett of British Columbia?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the federal government is not involved in this conference in any way. I think this explains the last part of the question, as to why Premier Bennett made the announcement.

According to the information I have, the conference was first suggested by the governor of Alaska, to be held in Alaska. Premier Bennett was unable to attend at that time, and I understand he suggested that the meeting be held in Victoria. The commissioner of the Yukon Territory, who has jurisdiction in the third area, was also invited to attend. The purpose of this conference is stated to be to discuss matters of mutual development. The conference has no official status because neither the government of the United States nor the government of Canada is involved.

(Translation):

PUBLIC SERVICE

INQUIRY AS TO APPOINTMENT OF QUEEN'S PRINTER

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I direct a question to the Solicitor General (Mr. Balcer)?

Could the Solicitor General tell the house for what reasons the government is taking so much time in appointing a successor to Mr. Edmond Cloutier as queen's printer?

Hon. Leon Balcer (Solicitor General): Mr. Speaker, as I have previously stated, this is a matter of general government policy. When a decision is taken, it will be made known to the house.

Mr. Denis: A supplementary question. May I ask the Solicitor General whether the civil service commission or the government itself is responsible for this appointment?

Mr. Balcer: It is a responsibility of the government.

Mr. Denis: Mr. Speaker, may I put a question to the Acting Prime Minister with regard to the appointment of a Queen's printer? Could the minister tell us whether there is a prescribed time limit governing this appointment and after which the appointment is automatically abolished?

(Text):

Hon. Howard C. Green (Acting Prime Minister): An announcement will be made on this question in due course.

PENSIONS

INQUIRY AS TO ESTABLISHMENT OF PORTABLE PLAN

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to ask the Minister of National Health and Welfare whether he is able to report on the progress that is being made in the efforts of his department to establish a so-called portable pension plan, especially for industrial workers.

Hon. J. W. Monteith (Minister of National Health and Welfare): As I mentioned in a statement before the standing committee on estimates recently, one of the outstanding weaknesses of present industrial pension plans is that they do not provide transferability of pension rights from one employer to another. This is a subject which was commented upon in the Clark report, and which is being studied.

I might point out also that at least one provincial government, that of Ontario, has established a six-member committee to conduct a special study of portable pensions. The findings of this group should be of great value.

Hon. Paul Martin (Essex East): May I ask a supplementary question. Has the government study of the Clark report reached the stage where the government will be able to take some action consistent with its promise to the people at the last general election?

Mr. Monteith (Perth): Mr. Speaker, the government of course is fulfilling its promises as declared at the last general election. As I

have said before, study is being given to the Clark report, and when a decision has been reached the proper course will be followed.

TRADE

WHEAT—INQUIRY AS TO PURCHASES BY INDIA

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. Has the minister any report to make to the house following his conversations reported to have taken place yesterday with the Indian minister of food and agriculture, and more particularly as to whether India has suggested that it wishes to reduce its commercial purchases of wheat from 400,000 tons to 250,000 tons unless a loan can be arranged?

Hon. Gordon Churchill (Minister of Trade and Commerce): The situation with regard to the sale of wheat by Canada to India is not thoroughly understood. India has not been a commercial market for Canada. That market commercially has been an Australian market. However, over the last three years we have made substantial gifts of wheat to India under the Colombo plan and by special gifts we made an arrangement with India for the purchase of wheat under a long term loan in the 1957-58 crop year and again in 1958-59. All told, in the crop year 1957-58 almost 24 million bushels were disposed of to India under this arrangement, and in 1958-59 just over 11 million bushels. So far as this year is concerned, there has been a gift to India of over 4 million bushels under the Colombo plan, and the purchase arrangement that was reported in the press holds good for this year.

We are looking forward to maintaining our position in the market in India, but it has not been one of our major markets for the sale of wheat. I discussed this matter with Mr. Patil, and he quite agreed that the position of Australia, their major supplier on a commercial basis and the position of Canada, a minor supplier on a commercial basis, should be maintained.

He also pointed out to me that India is a rice-eating country, and that if they had the funds available they would be purchasing rice instead of wheat. He further made the point that in the consumption of wheat in India, preference has been for the soft wheat which is the type produced in Australia and largely by the United States. The Indian family, instead of getting flour from a flour mill, purchases this wheat and grinds it up at home. That is something that is not so easily done with the very hard Manitoba northern wheat which is the customary type we sell abroad. That is the situation with regard to Canada's assistance to India pertaining to wheat.

Mr. Argue: I should like to ask a supplementary question. Since the United States have now developed a market in India for roughly 150 million bushels a year for a four-year period and Canada's market, as the minister has said, one year recently was almost 24 million bushels, are any steps being taken to develop the market in India for non-commercial wheat, particularly some of Canada's lower grades?

Mr. Churchill: That matter is under serious consideration. We are anxious to assist India, one of our commonwealth partners, in these difficult years with regard to India's food supply. We are giving serious consideration to that aspect of it in the nature of gifts of wheat and flour not only to India but to Pakistan and Ceylon.

COMBINES INVESTIGATION ACT

CEMENT—ALLEGED COMBINES IN ONTARIO AND BRITISH COLUMBIA

On the orders of the day:

Mr. Frank Howard (Skeena): I wish to direct a question to the Minister of Justice, and I apologize for not having sent him notice.

I wonder if the minister's attention has been drawn to a newspaper article in this morning's *Globe and Mail* which indicates that the Toronto city council alleges that the Canada Cement Company Limited, the St. Mary's Cement Company Limited, the St. Lawrence Cement Company Limited and the Lake Ontario Portland Cement Company Limited have been engaged in a price fixing arrangement both this year and last year with respect to the price of cement, and also to the effect that a similar arrangement exists in Vancouver with respect to other firms. I should like to ask the minister whether this will be brought to the attention of the director of investigation and research in order that inquiries may be undertaken.

Hon. E. D. Fulton (Minister of Justice): I did not notice the article in the *Globe and Mail* today, but I am certain it will be brought to the attention of the director. If the Toronto city council feels the concern which is apparently indicated in the article, I am hopeful it will also get in touch with the director.

PARLIAMENT HILL

REQUEST FOR STATEMENT ON CLEANING OF MONUMENTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): As somewhat of a conservative—

Some hon. Members: Hear, hear.

Mr. Herridge: —so far as works of art and beauty are concerned, I want to ask the Minister of Public Works a question prompted by the shock I received on taking an after lunch constitutional around this building with a gentleman of the fourth estate. I wish to ask the minister this question. Who ordered the scouring and consequent desecration of the monuments on parliament hill, and what is the reason for this unusual and unique treatment of bronze monuments?

Hon. D. J. Walker (Minister of Public Works): I cannot give the hon. gentleman the real answer to his question—it would not be polite—but may I thank him for his question and say that from one who calls himself a conservative it is delightful to have these examples of poetic licence in which he usually indulges and in which he has indulged again today. Perhaps, some time, he could frame his question in blank verse.

Knowing that we have many connoisseurs in this house, before attempting the much-needed cleaning of these monuments we sought the advice of the national research council, of which the hon. gentleman is a great admirer, and after considering many alternative methods we decided on this expert method of cleaning which, I am sure, will work out to the satisfaction of even the hon. member for Kootenay West.

(Translation):

BRIDGES

THREE RIVERS—STE. ANGELE—INQUIRY AS TO NEGOTIATIONS

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, may I direct a question to the Solicitor General? Further to the promises made in 1957 and 1958 to the effect that a bridge would be built between Three Rivers and Ste. Angele as soon as a Conservative government was in power, could he tell us what stage discussions have reached in that connection?

Hon. Leon Balcer (Solicitor General): Mr. Speaker, the bridge between Ste. Angele and Three Rivers is one that local people are anxious to see built; and if my hon. friend will refer to local newspapers, he will see what great progress has been accomplished in the matter.

Mr. Boulanger: I have a supplementary question, Mr. Speaker, is it not the minister's opinion that the bridge should be built at this time when there is such widespread unemployment in our area?

Mr. Balcer: I think that construction of that bridge will be very useful, and the sooner it can be undertaken the better.

(Text):

POST OFFICE DEPARTMENT

DISCUSSION OF METHODS FOR PREVENTING ROBBERIES

On the orders of the day:

Mr. Azellus Denis (St. Denis): May I direct a question to the Postmaster General. During his trip to France did the hon. gentleman have an opportunity of meeting the French postmaster general and, if so, did he take the opportunity to discuss measures to be taken in order to stop robberies of post offices?

Hon. W. M. Hamilton (Postmaster General): Unfortunately my time in Paris and in France was devoted to other matters—

Some hon. Members: Oh.

Mr. Chevrier: Give us the details.

Mr. Hamilton (Notre Dame de Grace): —also of an official nature, which required to be attended to on a certain date. Immediately those were over I returned to Canada because I did not want to miss a moment of my association with the hon. gentleman opposite while this house was sitting. Perhaps on another occasion when this house is not sitting I shall be able to return to France and meet the postmaster general there.

INCOME TAX

REPORTED INQUIRY INTO EXEMPTION OF CHARITABLE DONATIONS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the parliamentary secretary to the Minister of National Revenue. I had intended to ask it yesterday, and today the minister is not here. Perhaps the parliamentary secretary will take it as notice.

Could we have a comment confirming or denying the sensational story about Ottawa studying tax files in connection with the exemption from taxation of charitable donations?

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): I think everyone has seen that story. The figures used may be obtained from the annual report of the department. As to the observations made by the author of the article, I do not know the source, but at the moment I would not care to say anything beyond that which the minister is reported to have said. If there is further comment to be made he will undoubtedly make it.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT

ALTERNATIVE ARRANGEMENTS FOR UNIVERSITY GRANTS—EXTENSION OF INDIVIDUAL INCOME TAX RATE

The house resumed, from Thursday, May 5, consideration of the motion of Mr. Fleming (Eglinton) for the second reading of Bill No. C-56, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

(Translation):

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, when this debate was adjourned last Thursday evening, I was saying that in 1956 an important amendment was introduced by the St. Laurent government, whereby not only were grants to universities doubled but provision was made for the accumulation of funds in case a university decided to refuse them temporarily. Therefore, if $25 million are now available to our universities, it is because of the legislation introduced by the St. Laurent government. One can not speak highly enough of the wisdom, the foresight and the courage of the previous Liberal government which staved off financial disaster from our universities. I might point out to our Conservative friends from Quebec that if, in 1951 and in 1956, negative autonomists of the type of the hon. member for Roberval (Mr. Tremblay) had been in office, not only would our universities now be unable to take advantage of those $25 million, but we would have to speak in the past tense of French universities outside the province of Quebec.

Mr. Speaker, a great many views have been expressed on the constitutional legality of those university grants, but no authorized court has ever rendered a decision on this matter. For this reason, I am not afraid and I am even proud to support the view, so often expressed by Mr. St. Laurent, that those grants do not encroach upon the autonomy

of the provinces. It is easy to understand that I much prefer the views expressed by an authority on constitutional law like Mr. St. Laurent to the changeable opinion of the former Quebec premier who said one thing in 1951 and then said the opposite later on.

I might add, Mr. Speaker, that I have my doubts concerning the constitutional opinions expressed during this debate by our Conservative friends from Quebec, reminded as I am that, during many debates on constitutional matters in the past, they changed their minds as they did their shirts, and maybe for the same reasons.

Now, what about the constitutional position of Bill C-56? It must be remembered that this bill is the result of many caucuses held last fall between our Conservative friends from Quebec and the Minister of Finance. It was then they laid this twin-yolked egg.

Bill C-56 involves two, well defined jurisdictions. Provincial jurisdiction is subordinated to the federal one in the case of a provincial tax collected by a provincial legislature for provincial purposes.

In this bill, Mr. Speaker, a rather unusual and extraordinary term is set down, stipulating that the Minister of Finance is to be the sole judge of agreements entered into by a provincial government and universities. In other words no one but the federal Minister of Finance can decide whether or not the agreement between a provincial government and a university is satisfactory, from his point of view.

It is clear, when you read the bill, that, as the provincial elections drew near the Quebec provincial government got panicky and unfortunately managed to transmit its panic to this government, with the result that we now have before us a bill drafted in involved legal gobbledygook, a bill which, on the face of it, raises a very obvious constitutional problem.

That is why, before the bewilderment and panic which have gripped our Conservative friends, I quoted last Thursday a thought expressed by an ancient author and which, I believe, applies to this case, when I said:

Whom the gods would destroy they first make mad.

Mr. Speaker, this bill therefore sanctions an interference and an encroachment, on the part of the federal government, about a direct tax levied by provincial authorities, and if we carefully scrutinize the speeches made by some Conservative members from Quebec, we may observe some reticence, some doubt and a deep concern about this bill.

May I be allowed, first of all, to refer to the speech made by the hon. member for Bellechasse (Mr. Dorion) on April 26 last. The hon. member could not help expressing his deep concern when he said, as recorded on page 16 of the English appendix to *Hansard* of that date:

> While the Minister of Finance has the right to satisfy himself that the arrangements reached between the provinces and their universities are truly consistent with the requirements of the act—

Mr. Speaker, I say that the hon. member for Bellechasse himself recognized that, in order to ensure the proper operation of this act, the presence of the Minister of Finance was absolutely necessary, because he is the one who judges whether such agreement is satisfactory or not.

I now refer to the speech made by the hon. member for Charlevoix (Mr. Asselin) on May 5 last. In my opinion, the hon. member is assailed by doubt, and is trying to appease his conscience when he says, as recorded on page 9 of the English appendix to *Hansard* for May 5:

> Even if this bill is less than perfect, it remains that we have only two years to experience its constitutional effects and, in 1962, the authorities concerned will be free to accept it permanently or to reject it if its constitutionality is seriously questioned.

As regards the extravagant speech made by the hon. member for Roberval (Mr. Tremblay), which is recorded on page 16 of the English appendix to *Hansard* for May 5, it is indeed a feat, a great accomplishment; the hon. member managed to use up all his time in dealing with a given subject and yet completely avoided talking about the legality, the constitutionality of Bill C-56.

Mr. Speaker, I now come to the speech made by the Solicitor General (Mr. Balcer) on April 26, 1960. I am very glad to note that he is now in his seat, and I will try to sum up in three points the speech he made that day.

First of all, the Solicitor General said that this bill was, in his opinion, a compromise.

Second, the Solicitor General discussed the St. Laurent formula, which he rejected as he had in the past. Here is what he said on the subject, as reported on page 3284 of *Hansard*:

> Such a piece of legislation, Mr. Speaker, which had the effect of isolating Quebec, was of course unsatisfactory and even harmful to national unity.

After the Solicitor General had completed his remarks, the hon. member for Laurier (Mr. Chevrier) asked him the following question:

> Would the hon. minister allow me a question? Why did he not vote against grants to universities in 1951 and 1957?

And here is the reply of the Solicitor General, as reported on page 3288:

> Mr. Speaker, I do not remember about 1951, but I recall having been the only member to vote against them in 1957.

Mr. Speaker, I shall be dealing with those statements of the Solicitor General in a moment.

At this stage of my remarks, I should like to answer a ridiculous claim made by the Solicitor General when he said, as recorded on page 3288 of *Hansard*:

> —any legislation which finds its place in only nine provinces out of ten and is not acceptable to the tenth province leaves a very grave doubt as to its constitutionality.

(Text):

Mr. Speaker: I believe the hon. member is reading from another debate of this session, not this debate.

Mr. Deschatelets: If you will permit me, Mr. Speaker, to discuss the point you have raised—

Mr. Speaker: I find that this speech was delivered—

Mr. Deschatelets: If you will allow me, on the point you have just raised, I would point out that I am quoting extracts from the speech made by the Solicitor General a few days ago. I am reading from *Hansard* of April 26, 1960 at page 3436. These are the exact words used by the Solicitor General.

Mr. Speaker: Of course, if that is the case, the hon. member is entitled to proceed; but my record of this debate shows that the Solicitor General spoke and was recorded at page 3284 of this debate, and that was the reason I raised the point.

Mr. Deschatelets: I have reference to the French version.

Mr. Speaker: Oh, it is the French version; very good.

(Translation):

Mr. Deschatelets: Mr. Speaker, as I was saying, the Sollicitor General stated that:

> —any legislation which finds its place in only nine provinces out of ten and is not acceptable to the tenth province leaves a very grave doubt as to its constitutionality.

Let us be logical, Mr. Speaker, and let us dispose of the legal opinion advanced by the Solicitor General in the statement I have just quoted. If it is true that a piece of legislation is of doubtful constitutionality if it is accepted by only nine provinces out of ten, why then did he two days ago,

support the estimates on the trans-Canada highway, when he knows quite well that only the province of Quebec is not getting any of the funds voted for that highway?

I could also direct the same question to every Conservative member from the province of Quebec.

Having said this, Mr. Speaker, I should now like to deal with an extremely serious point concerning the Solicitor General, indeed one of the most serious points raised since the beginning of this session. The Solicitor General has stated that the St. Laurent formula was unconstitutional, and that he had voted against it. Moreover, he has said that when a piece of legislation applies only to nine provinces out of ten, its constitutionality is questionable. Well, I have here a book entitled "Keith's British Cabinet System", by Arthur Berriedale Keith, D.C.L., LL.D., D. LITT., F.B.A. On page 92 of this book, there is a paragraph under the heading "The Doctrine of Collective Responsibility", which reads as follows:

(Text):

It is essential to the modern cabinet system that responsibility should be collective. Lord Salisbury expressed this clearly:

"For all that passes in cabinet each member of it who does not resign is absolutely and irretrievably responsible, and has no right afterwards to say that he agreed in one case to a compromise, while in another he was persuaded by his colleagues.

It is only on the principle that absolute responsibility is undertaken by every member of the cabinet who, after a decision is arrived at, remains a member of it, that the joint responsibility of ministers to parliament can be upheld, and one of the most essential principles of parliamentary responsibility established."

Matters are discussed in cabinet, and a decision taken. It then becomes binding on every member of the cabinet and, of course, on every minister outside the cabinet. He must vote for the government's view if a vote is taken in parliament, he must, if called upon, defend the decision, he must not excuse himself on the score that he was outvoted. If he does not consent to take responsibility, he must resign—

(Translation):

And now, Mr. Speaker, I wish—

Mr. Balcer: Mr. Speaker, I rise on a point of order. A cabinet minister has to assume his responsibilities—

An hon. Member: Does the minister wish to resign?

Mr. Chevrier: There is an argument, for you.

Mr. Balcer: A minister must assume responsibility for the legislation and acts of the government, and that is what I am doing. I have been glad to do so and, for this reason, I support this resolution.

[Mr. Deschatelets.]

(Text):

Mr. Chevrier: Mr. Speaker, there is no point of order here.

Mr. Speaker: I have been endeavouring to discover what was the minister's point of order. I had some difficulty in following him.

(Translation):

Mr. Deschatelets: Mr. Speaker, I go on to page 94, where the author says this:

(Text):

... but a ministry made up of men without common principles, held together by little more than the desire for office, would speedily lack power and cohesion.

(Translation):

Now, Mr. Speaker, I have a question to ask the Minister of Finance (Mr. Fleming). For the few moments I shall address him, I would like him to listen very carefully, because this concerns him as well as the Solicitor General.

Here is my question: I would ask the Minister of Finance, when he closes the debate, to tell us exactly what he thinks of the point that has just been raised.

The Solicitor General states that when legislation applies in nine provinces out of ten, its constitutionality becomes doubtful.

If it is true, as I have proved, that the Solicitor General maintains that Mr. St. Laurent's formula, based on equalization, is unconstitutional; if it is true that the Solicitor General, as I have also shown, voted against that bill, since the legislation is contained word for word in Bill No. C-56 now before us, I ask the Minister of Finance whether he approves or disapproves the attitude of the Solicitor General; and if the Minister of Finance disapproves that attitude, I shall ask the following question: Which of the two will now resign, and when?

I now ask the Minister of Finance, if he does share, in the matter of ministerial responsibility, the ridiculous views advanced by the Solicitor General, when will they both resign?

Now, from the angle of departmental responsibilities, Mr. Speaker, I would like to complete my argument, and, with your permission, I shall again refer to page 95 of this book, where the author says:

(Text):

If he does not consent to take responsibility, he must resign, as did Lord Russell in 1855, Mr. Forster in 1882—

(Translation):

There is also a list of the few statesmen who, to uphold the principle they held to, resigned because their views were not shared by the majority of the cabinet. Also, may I

recall that, under the former Liberal government, some years ago, Mr. Cardin, who was then minister of public works, and Mr. Powers who was minister of national defence (air), seeing that they could not agree with the opinion of the majority of the cabinet members, were logical and resigned.

Mr. Balcer: I approve the present legislation.

Mr. Deschatelets: When we read the speech made by the hon. member for Sherbrooke (Mr. Allard) on May 4, 1960—but I must say, first of all, that on constitutional matters the hon. member for Sherbrooke is the leader of the Conservatives of the province of Quebec—we easily see how he feels about section 9A, because, according to page 3549 of *Hansard,* he said:

> Could the minister consider right now the possibility of amending section 9A (b) (ii) by replacing the following expression:
> —satisfactory arrangements exist in the opinion of the minister.
> By the following expression
> —satisfactory arrangement exist in the opinion the minister.

And the hon. member for Sherbrooke goes much further when he states:

> It is true that the act on which this bill is based already gives the Minister of Finance exorbitant powers. Nevertheless it is distasteful—

You will note, Mr. Speaker, that he uses the strong word "distasteful".

> —that the federal minister should act as arbitrator and be the only one to have a say on the value of the said agreements.

There we have the proof that our Conservative friends from Quebec are utterly confused, as a result of the constitutional myth which they themselves created with their provincial leaders in 1952, regarding the formula of the federal government, after they had accepted it in 1951.

Now that there is the Barrette-Diefenbaker axis, we realize the embarrassment of our Conservative friends from Quebec because already in their own speeches, we find confirmation of the fact that the attitude taken by the Liberal government of Mr. St. Laurent, not only did not encroach upon provincial autonomy, but was an indication of a courageous, farsighted and wise government.

(Text):

Mr. J. C. Van Horne (Restigouche-Madawaska): Mr. Speaker, I simply want to say a few words by way of congratulation to the federal government and the government of the province of Quebec for having resolved this problem which has held up the progress of the universities of the province of Quebec for many years. What is happening in this debate? It is evident that the Liberal party is trying to take this matter and make it into a campaign issue in the forthcoming provincial election in Quebec.

Mr. Brassard (Lapointe): You are a Social Crediter.

Mr. Van Horne: Never. Mr. Lesage, the Liberal leader in the province of Quebec, who sat in the cabinet of the former government when Mr. Mackenzie King and Mr. St. Laurent rocked and rolled the Canadian confederation, is the very man who now wishes to try to convince the people of Quebec that he is all out for autonomy even at the expense of the universities.

The main reason I should like to say a few words this afternoon is that I have in my riding a French speaking university, St. Louis University at Edmundston. I know of the tremendous work done there, of the sacrifice and devotion of the professors who have given and dedicated their lives to education. I also know that the university now gets only a pittance by way of aid. Until this year they were receiving in grants approximately $12,500. That amount has been increased this year by 25 per cent, but what they receive is still a pittance. Such grants are not nearly enough, and they do not permit the universities to do the job they wish to do and have to do. Any action by the government in the direction of helping the universities is most welcome.

In passing may I say that the Solicitor General (Mr. Balcer) and the Minister of Finance (Mr. Fleming), who have taken the initiative in this matter, as well as the late Hon. Maurice Duplessis and the late Hon. Paul Sauve, former premiers of Quebec, and the present premier, Mr. Barrette, deserve the highest commendation; and they are getting that commendation from 99 per cent of the Canadian population and from every serious citizen of the province of Quebec who believes in the progress of education throughout the country.

When I think of the late Mackenzie King and look across the floor of the house and realize whom he had as an adviser, the hon. member for Bonavista-Twillingate (Mr. Pickersgill), then I certainly do not blame him for crossing the waters and getting his advice from the voices of the grave by holding hands around a seance table.

Mr. Speaker: Order. I am afraid the hon. member is departing from the subject matter of this discussion.

An hon. Member: As usual.

Mr. Van Horne: Mr. Speaker, this has to do with the advice we are getting from the leaders of the Liberal party on the other side of the house.

Mr. Brassard (Lapointe): You are a Social Crediter.

Mr. Van Horne: I am for Restigouche-Madawaska first.

Mr. Brassard (Lapointe): And Social Credit.

Mr. Van Horne: I have nothing to do with Social Credit. I have nothing to do with any other party, but I can tell hon. members right now that when it comes to helping education and universities I have always maintained that governments have never done enough. That applies to the government of the province of New Brunswick just as much as it did to this government and as it does to the government of the province of Quebec. But of all the governments in the country, which government is now taking the initiative in giving consideration to education and the help that is merited, if not the government of the province of Quebec? That is one reason why in the forthcoming election you will see that the Union Nationale government will be returned to office with a bigger than ever majority.

Mr. Speaker: Order. I understood the hon. member to begin his address by remarking that the Quebec election campaign was being introduced into this house and that he disapproved of that practice. I hope he will continue to disapprove of it by not referring to that matter himself.

Mr. Brassard (Lapointe): What about Place Ville Marie?

Mr. Van Horne: It is a big success, for your information. The plight of the universities is essentially the subject matter of this debate. One purpose I have in saying a few words this afternoon is to let the government of the province of New Brunswick know that unless more effective, positive and helpful steps are taken to assist universities such as St. Louis University in Edmundston, Sacred Heart University in Bathurst, St. Thomas university in Chatham and Mount Allison University in Sackville, they will be faced with serious and insurmountable problems. They are unable to pay the salaries necessary to get the teachers they need. The people who teach in these universities do so at great sacrifice, in many cases receiving no salaries but merely getting a subsistence allowance for their life's work.

I wish to refer to what I said at the NATO conference in 1958: "So long as lack of money denies the opportunity to our young people to develop the talents that God gave them and to pursue the vocations for which they are endowed, so long as money prevents our young people from doing that, we as parliamentarians are not doing our job and are not being faithful to those on whom the future of Canada depends". In this day of automation, in this day when national defence has become so paramount and we are so dependent upon scientists and others with technical training, are we to sit back and let this country go ahead without giving more help to our universities by placing at their disposal the necessary funds? Let us not forget that one of the main reasons for the unemployment problem today is that many people are not trained, and one solution that should be included in the consideration of factors that will relieve the temporary unemployment each year is education, not only vocational education but technical education. We need more trained men in this country in order to marshal the assets of Canada into more productive wealth and provide jobs for our people. Yet here we are, pussyfooting around, trying to make a political issue for Mr. Lesage in his forthcoming election, when we should be discussing methods of giving more effective help to our universities and to our young people.

I have long been an advocate of the establishment of a national scholarship fund, in co-operation with the provinces, so their constitutional rights will be protected. This has not come about. So long as we deny our young people the right to an education merely because they lack funds, and that is what it amounts to today; so long as we continue to ignore the growing needs of these universities; so long as we deny our students the opportunity to pursue their education as far as their talents will permit them; so long as we refuse to come to grips with this most urgent problem, then I maintain we are not doing our job.

Over the week end I had an opportunity of speaking to the rectors of two universities very near my riding. One of their problems is that next year they cannot get professors. They cannot get professors because they cannot afford to pay them the commensurate salaries. Of course the members of religious orders, the secular priests who look after St. Thomas university, are very willing to sacrifice their lives to education. The discouraging thing which they have to endure is the fact that students leave their schools because they do not have the money to finish their courses, and the fact that they see facilities being denied because of a lack of money. This condition is all the more difficult to bear in view of the fact that the last government wasted some $600 million in developing

an aircraft that did not fly. When we see the money that is made available for defence and think how defence is related to scientific education, how can we stop short of a solution to this problem of education?

One purpose in rising this afternoon is to urge this government, by every possible means, to undertake the establishment of a national scholarship fund and to take another look at the plight of the universities, especially those universities whose enrolment may be under 600 or 700 students, what are commonly called the smaller universities. I maintain that it is of the greatest importance that we give this problem the consideration it merits, and that we do so at this session. For that purpose I would suggest and urge that, as the late Paul Sauve did in the province of Quebec, we call together the heads of all the universities in Canada and let them present briefs to us outlining their problems and spelling out their needs.

Mr. Speaker: Order. I have allowed the hon. member a good deal of latitude beyond the scope of the present bill, but I do hope that he will not abuse the privilege but will confine his remarks to the question of university grants under this bill.

Mr. Van Horne: I am about to conclude, Mr. Speaker. My main purpose in rising was to try to dispel a few misconceptions that are creeping into this debate in order to make a political issue in the province of Quebec. One of the reasons we have 50 Conservative members from the province of Quebec is that the people felt sure that by sending Conservative members to Ottawa a solution would be found to the problem of the universities in Quebec. It was for that reason that a great many of these people gave the Conservative candidates in Quebec such majorities. This agreement never would have been possible under a Liberal government. This agreement is now an accomplished fact. This agreement passed the test of legality. It had been referred to the most eminent legal minds in the country, and their findings have been taken into very serious consideration by this government.

Let us not forget the plight of the universities, and let us spend more time dealing not only with the plight of our universities but with the plight of our young people who cannot afford an education. Let us get on with this plan.

Mr. Brassard (Lapointe): Would the hon. member for Restigouche-Madawaska permit a question? Will he assure the house that he will be here for the rest of the session, after having delivered a provocative political speech?

Mr. Speaker: The hon. member's question does not seem to relate to the bill.

Mr. Van Horne: I think it does deserve an answer, Mr. Speaker. I did not hear it, so would the hon. member mind repeating his question? The only time I have not been in this house was when I was in the hospital.

Mr. Speaker: The hon. member's question was out of order.

Mr. Brassard (Lapointe): It is on the record; you can read it.

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

Mr. Speaker: The hon. member has concluded his speech, and I have recognized the hon. member for Port Arthur.

Mr. D. M. Fisher (Port Arthur): I have some timidity in getting into this electoral campaign because of some remarks made previously in this debate by the hon. member for Brome-Missisquoi (Mr. Grafftey). I want to give the hon. member the opportunity to carry out his silent treatment by taking my time in commencing my remarks so he can leave if he wishes to do so. During the resolution stage of this measure I made some remarks in connection with this matter, and consequently there were certain reactions in various quarters. I do not intend to try to put any gloss on the remarks I made at that particular time. I still stand behind them.

I do feel that the argument has reached the stage now where the hon. member for Laurier (Mr. Chevrier), supported by other members of the Liberal party, is urging the unconstitutionality of this amendment, and that we should have an assurance from the Minister of Finance (Mr. Fleming) and other ministers of the crown that they are positive it is constitutional.

Mr. Brassard (Lapointe): We said we have doubts.

Mr. Fisher: The hon. member has interjected that they have doubts. I think the hon. member for Laurier was more positive than that, as positive as a politician can be in talking about something as sacred as the constitution.

The main reply for the government up to this stage of the debate has been from the Solicitor General (Mr. Balcer), and it seemed to me he was putting forward a theory which, in effect, meant two constitutions. In my opinion, and in the opinion of my associates, we are not too clear, as a result of the crossfire, as to the constitutionality of the bill. As the hon. member for Timmins (Mr. Martin) put it, we are in favour of any measure that

will lead to the financial support of the universities, whether they be in Quebec or any other province. We are strongly in support of the general principle of the bill. We will be very interested in the amendments which the Liberals have promised us they are going to introduce to see if they can tidy up the bill and make it more constitutional.

One of the most distinguished contributors to this debate, the hon. member for Bellechasse (Mr. Dorion), spent a considerable time trying to show, in contradistinction to the hon. member for Megantic (Mr. Roberge), that the fathers of confederation had universities in mind, that they were aware of the universities' existence. The hon. member for Bellechasse also argued that we have a pact or treaty in confederation because the fathers of confederation, especially Sir John A. Macdonald, used the words "treaty" and "pact" a number of times. I should like the hon. member for Bellechasse and the other members who have read the confederation debates to search those debates and find one single case where the word "universities" is used. I do not think they can find it.

I believe the hon. member for Hull (Mr. Caron) has made this point, which surely seems to me to add some validity and worth to the argument; that if you are going to preoccupy yourself with what was in the minds of the fathers of confederation, it is then valid and worthy to argue that they did not have in mind cutting out universities or assigning university education of the type of which he talked specifically or practically, in any kind of watertight compartment, to the provinces.

The contribution I wish to make at this stage is derivative. I want to read a few paragraphs from a commentary on law and policy by a distinguished Canadian academician, namely Professor J. A. Corry. I hope this intellectual analysis will be of assistance to people like the hon. member for Brome-Missisquoi (Mr. Grafftey) who dealt with federalism, and I think this will be in order in so far as this is a federal-provincial arrangement. Professor Corry in his book states as follows:

> The definition of federalism which the Anglo-American world has found meaningful because for a long time it accorded with our experience is as follows: general and regional governments of co-ordinate and mutually exclusive authority ruling over the same persons and the same territory under the close surveillance of a court. We have seen enough of the tribulations of federalism in the last twenty five years to ask why the founding fathers ever believed that structures so defined could be made to work. If we keep their assumptions in mind, we can see that they would have given something like the following answer in 1789, and again in 1867:
>
> The provinces, or states, as the case may be, will live largely self-contained lives, after the fashion of provinces in the past. They will have to submit to only a few dictates of the national government in foreign trade, foreign policy and like matters. The electorates, both national and provincial, jealous of individual freedom and wanting little from governments of any kind, will be watchful to keep governments from extending their activities. Restricted in their functions in this way, governments will not run foul of one another. Economic and social life, left to itself, will find its own harmony in freedom. If governments from time to time forget themselves, and trespass one on the exclusive sphere of the other, the courts will declare such trespasses unconstitutional. Where confusion arises about the exact extent of exclusive spheres of legislative authority, the courts will define exactly and clearly the precise limits of federal and provincial legislative power. Both unity and diversity will flourish in harmony under the reign of the constitution and the law.

This is the ideal picture Professor Corry projects as being in the minds of the fathers of confederation. He then goes on to state as follows:

> The greater part of these expectations have been proved false. The provinces have been pulled out of their self-satisfied isolation into dependence on national and international markets. Electorates, it has turned out, want more and more from governments. Both national and provincial governments have expanded their activities out of all recognition. In the course of doing so, they have often found themselves in conflict with one another, and partly because of this have been drawn into a great range of co-operative and interlocking ventures. They even co-operate now in draining the pockets of the taxpayer.

I think that comment is very relevant in terms of this agreement.

Mr. Speaker: Before the hon. member goes further may I say that I am afraid he is setting a bad precedent by reading at length such generalities, which he has not applied at all to the debate in question. If there is a sentence or two which he actually wants to have on the record I am sure the house would not object, but to read long extracts of generalities about the federal system is a precedent that I should not like to see established. That is why I have intervened.

Mr. Fisher: My reason for doing so, Mr. Speaker, is that at least 15 times or 20 times in this particular debate, as it has proceeded up until now, I have been attacked from a number of sources on my view of constitutionalism within confederation. I was trying to lay the groundwork. I think I am coming to what you mean. Professor Corry says:

> Classical federalism in the Anglo-American mode, as I shall call the federalism I defined at the outset, is not really workable in the age in which we live ... It has been transformed into what is called co-operative federalism, or the new federalism.

That argument that we no longer have classic federalism but co-operative federalism it seems to me finds recognition in the very kind of bill that we are about to pass

here, or at least that I expect we hope we are going to pass. It is to make a plea for the recognition of this co-operative federalism on the part of members of the house that I rose to speak today. I should like to suggest in closing that the famous quotation or remark of John Donne in his "Devotions XVII" can be applied here with the substitution of the word "province" or the word "man": "no province is an island, entire of itself; every province is a piece of the continent, a part of the main."

Mr. Erik Nielsen (Yukon): Mr. Speaker, I wish to take only two or three minutes in discussing this matter. As hon. members know, Yukon is not yet a province but is approaching the day when it will have provincial status. At the last session of the Yukon legislative council motion No. 20 was passed by the council, in words to the following effect:

> That two members of council be chosen to represent the people of the territory at the forthcoming dominion-provincial fiscal conference scheduled for July 25 to 27.

This resolution passed with the support of all members of the legislative council. Because it involved the expenditure of funds it required the approval of the commissioner of the Yukon Territory. In a letter to the Speaker of the Yukon legislative council the commissioner states as follows:

> I have discussed the proposal with Ottawa and agree that it would be unwise for the Yukon to be represented at this conference. The two territories have a considerably better financial deal with the federal government than do provinces and their special position might well be endangered if they were represented at this conference.

I am diametrically opposed to the opinion of the commissioner which he states to the Speaker of the Yukon legislative council in this instance. It is only right and proper that there should be some representation at these fiscal conferences from the people of the Yukon. As I say, the council passed this resolution without any opposition whatsoever. They did it with the thought in mind, as explained to me, that members of the council should attend some of these conferences—and here I am quoting the Speaker of the Yukon legislative council:

> —if only for the benefit of obtaining greater knowledge and learning the hard steps ahead before we gain provincial status—

I rose simply to say that the attitude of the administration in the Yukon in this regard is a very poor one, is a negative one and one that should be corrected. I rose to lend my wholehearted support to the request of the representatives of the people of Yukon to be represented at this conference, even if it is only as observers.

(Translation):

Mr. Maurice Johnson (Chambly-Rouville): Mr. Speaker, after hearing a digest of Conservative members' speeches presented in a "La Reforme" style by the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets), I think I am justified in starting to express my views on this bill by a reference to the speech made on this matter by the hon. member for Laurier (Mr. Chevrier) on April 26 last. I think I am not betraying his thinking if I sum up all his arguments in this way.

His remarks were an attempt to justify the arguments advanced by the former federal member for Montmagny-L'Islet, who has since become leader of the provincial Liberal party of Quebec. It had been claimed by Mr. Lesage that Bill C-56 made the Minister of Finance (Mr. Fleming) the arbiter between the provinces and their own universities. The hon. member for Laurier went further by casting doubt on the constitutionality of that legislation. If the hon. member for Laurier was right in terming the act unconstitutional, if the provisions of the legislation implied a delegation of powers, and if that delegation of powers was contrary to the constitution, we would be forced to the conclusion that all fiscal arrangements between the federal government and the provinces since 1945 were likewise unconstitutional.

If that was the legal position of those tax rental arrangements, what else is there for us to do but pass a bill extending the tax sharing act until 1962, that is until the whole matter is reviewed at a federal-provincial conference that would finally settle the problem. That, to my mind, is the principle of Bill C-56, with the following variation:

1. Amendments to the said legislation by this bill provide a machinery whereby the federal government will be allowed to continue until 1962 obligations announced by the former government with regard to Canadian universities. We should remember that regardless of the form in which federal grants have been made so far, the fact remains that, morally, the federal government has undertaken first with regard to individual universities and then with respect to the Canadian conference of universities and the Canadian universities foundation to pay each year a certain grant, the amount of which could be raised or lowered unilaterally by the federal government.

2. Until 1962, universities will receive a set amount on which they can count. Moreover, in all provinces where there is a provincial

system of university grants, the total sum which is equal to $1.50 per capita, that is, in each "prescribed province"—to use the very terms of the legislation—corporations taxable in that province under provincial law will benefit on their income from a federal tax exemption equal to that amount.

The principle of the bill is therefore as follows:

1. The application of chapter 29 of the 1956 statutes, 4-5 Elizabeth II, will be extended until 1962.

2. The province of Quebec and any other province that will levy on corporations a tax amounting up to 10 per cent of the federal tax will constitute, under the act a "prescribed" province if, on the other hand, there exists in that province an arrangement whereby it pays grants to its universities on the basis of at least $1.50 per capita.

Since it has been in office, the Conservative government has had to solve many problems left unsolved by the Liberal government. Nobody can, in good faith, blame it if it was compelled to put off until this session legislation designed to remedy a situation brought about by the Liberal government in relation to federal grants to universities.

Can the government be fairly blamed for introducing compromise legislation? Not a compromise with the government of the province of Quebec, but a compromise between the opinion of the people of Quebec, who consider as unconstitutional any form of federal grants to universities, and the opinion of Canadians in general of other provinces, who consider that the federal government has responsibilities and duties towards Canadian universities.

In other words, what is this government doing if not taking into account, in this bill, the objections put forth by Quebec?

Can the government be fairly blamed for taking into account also the opinion and requirements of the majority of the people of Canada?

That is the heart of the problem, Mr. Speaker. I humbly submit that too many Canadians are unaware of the basic elements of the Canadian fact, when they suggest solutions to a national problem. Too many Canadians are unaware of the fact that there are, in Canada, two cultures, two modes of thought very different one from the other. Our Liberal friends argue that Canadian universities in general made their needs known to the Massey commission. But that was precisely the basic mistake of the Massey report: it attempted to codify the standards of a Canadian culture and to make an inventory of the means to finance it, without taking into account the constitutional problems that the suggested solutions were likely to involve.

Having ignored the fundamental requirements of our federative system, when they sought to implement the recommendations of the Massey commission about universities, the Liberals created a new problem which further complicated that of federal-provincial fiscal relations. The Liberals knew they would meet with opposition from the Quebec government. Why then did they not try to establish a system that would have made allowance for this opposition which, in those circumstances, was legitimate? Having committed itself in this way, the Liberal government held fast to its position, and never tried to introduce legislation that would establish a system which would take into account the objections of Quebec and the requirements of the population of the other provinces. It was the great merit of this government that it took into account those views which, let us admit it, are diametrically opposed.

What is the attitude the Liberals would want us to take? To please them we would have to denounce this bill and, consequently, reject the compromise. What would be the consequences if we were to reject this compromise? They would accuse us of trying to thrust our views upon the rest of the country.

Mr. Speaker, we will certainly not play into the hands of the Liberals. We stick to our views concerning the unconstitutionality of federal grants to universities, but we appreciate that the federal government could not cease to offer grants to Quebec universities without legislating in such a way that Quebec taxpayers, in this case the corporations subject to the provincial corporation income tax, would not be doubly taxed.

On the other hand, the central government, in view of its fiscal agreements with the nine other provinces of Canada, could not offer a solution that would have had the effect of throwing its whole system of tax agreements out of balance before it expires in 1962.

There was only one way out, namely to offer an alternative to every province. What Liberals regard as a limitation placed on the autonomy of the provinces is only, in fact, a provision designed to preserve the fiscal balance provided by the act on arrangements between the government and other provinces of the country. Moreover, and I emphasize this, this act is valid only until 1962.

It cannot be claimed that certain provisions of this act constitute a delegation of power from the provincial governments to the federal government.

First, with regard to the province of Quebec, the federal government legislates on the basis of known facts. There is already in the statutes of that province a special act providing for special aid to the universities, the amount of which is equivalent to $1.75 per capita of provincial population. On the other hand, the Quebec legislature, at its last session, passed an act amending the corporation tax legislation. The direct tax payable by corporations coming under this act now equals 10 per cent of their federal tax. As a result, those corporations are threatened with double taxation, because the deduction allowed by the central government has so far been equal to 9 per cent of the federal tax.

The central government has therefore decided to reduce the assessment of this group of taxpayers by an amount equivalent to the increase provided for by the amended provincial legislation. As far as the province of Quebec is concerned, it matters little whether the federal government legislates in one way or another, because, on the one hand, the provincial legislature had asserted its autonomy through the enactment of an item of legislation providing for more substantial grants to universities than are offered by the federal government under the St. Laurent formula, that is to say the equivalent of $1.75 per capita of population in the province. On the other hand, Quebec universities have received the amounts that had been earmarked for them and have immediately handed them over to the provincial government. There remained for the federal government to provide machinery to stop the payment of any federal funds to Quebec universities, without at the same time punishing Quebec taxpayers.

The present legislation meets this need. The Quebec government is not a party to a federal-provincial agreement. It does not even have to consider such agreements. On the other hand, on the federal side, it was necessary to amend the legislation on tax arrangements between Canada and the provinces in such a way as to provide for a parallel deduction equal to the amounts set aside under the old system by the federal government for the Quebec universities. The only way to do that was to set up compensation machinery working in a parallel direction with the deductibility formula provided under chapter 29 of the 1956 statutes. How, then, could the parallelism be established without ratifying, under the act, a pre-existing fact that it would be the Minister of Finance's responsibility to ascertain?

Second, as far as the other provinces are concerned, the act should leave any Canadian province free to use the system offered to Quebec. And to give satisfaction to any province wishing to let its universities collect the federal grants under the former system, a versatile formula had to be provided which did not cancel out the option offered to Quebec taxpayers. Finally since the method has to be such as to not interfere with the fiscal arrangements, since the federal government is bound by arrangements with nine of the ten Canadian provinces, this attitude had to be adopted. The Diefenbaker cabinet should therefore be congratulated for working out this realistic compromise.

Allow me to add in reply to the shabby comments made by the member for Laurier (Mr. Chevrier) against the Quebec ministers in the present government, that they are probably not as talkative and verbose as the hon. member, but that they are to be congratulated for their efficiency in settling the problems of Quebec honourably.

In my humble opinion, Mr. Speaker, there can be no question of a delegation of powers under this bill.

What are the basic requirements for a delegation of powers?

At least three conditions are necessary:

1. The existence of two sovereign governments.

2. The existence of a formal agreement between the two governments.

3. An assignment by one government to the other of a field of jurisdiction over which the former holds exclusive rights.

Now what are the facts?

In the first place, there is no formal agreement between the Quebec government and the federal government. On the other hand, there is no transfer, from one government to the other, of an exclusive field of jurisdiction, unless the member for Laurier and his fellow members of the opposition wish to claim that the federal government or the provinces have the exclusive jurisdiction in the field of direct taxation.

To maintain that Bill C-56 is unconstitutional because it provides for or implies a delegation of powers between the federal government and one or several provincial governments, amounts to saying that the federal-provincial fiscal agreements ratified by chapter 29 of the statutes of 1956 are

unconstitutional, and that the whole fiscal system established by the St. Laurent government, and inspired by the evangelist Lamontagne, is totally, completely and irremedially unconstitutional. I wonder what the Liberal opposition is driving at.

Mr. Speaker, our Liberal opponents make much of the fact that the federal government can, under this bill, withhold a certain amount from the equalization payments of the province of Quebec. But fond as they are of quoting Mr. Duplessis, have they forgotten that Mr. Duplessis never looked upon those equalization payments as anything but refunds on account of moneys illegitimately collected by the federal government which thereby infringed upon the fiscal rights of the province?

Mr. Speaker, what struck me in the argument used by the member for Timmins (Mr. Martin) was his suggestion that education had to suffer from the debates concerning government jurisdiction with regard to federal grants to universities. To infer from this that Quebec universities have suffered from the debate that has been going on since 1952 respecting federal assistance to universities, there is only one step.

This is a fable that must be destroyed at all costs. We owe it to the excellent reputation of our educational system in Quebec, a system built upon sacrifice and thanks to the unshakable faith and perseverance of our educators since the dark days of 1760. We owe it to the good name of our universities which, after the regrettable discussion of federal aid to universities, very undeservedly acquired the reputation of poor relatives in our provincial educational system. We also owe it to the good name of the talented and devoted men who dedicated all their energy to the defense of cultural values peculiar to the French speaking ethnical group in Canada. We owe it to the memory of two great Canadians—yes, great Canadians—who, as history will proclaim, gave the best years of their lives to that work—I was going to say all their lives—those two great men now deceased, the Hon. Maurice Duplessis and the Hon. Paul Sauve. We also owe it in all fairness to their successor, the hon. Antonio Barrette, who is following in their footsteps and who made of the last session of the provincial legislature the session of education. In a word, we owe it to mere justice, to truth itself.

It has been said on various occasions, even in this house, and, I think, if my memory serves me well, that I have heard it said by some of my Liberal colleagues, that Quebec universities lost about $8 million, because Mr. Duplessis was opposed to federal grants.

[Mr. Johnson.]

If I remember well, that was the statement of the hon. member for Gatineau (Mr. Leduc), and I refer to *Hansard* for April 1, 1960.

Now, Mr. Speaker, nothing is more inaccurate than such a statement. Indeed, I have here some figures which prove that, even if the provincial government had been opposed to federal university grants since 1952, for reasons which I think were legitimate and easily justifiable in the eyes of people of good faith, our Quebec universities received from their own provincial government infinitely larger grants then those offered by the federal government.

Let us look at the figures for the years 1952-53. The amount offered by the federal government to Quebec universities was $2,087,000; the amount paid by the province of Quebec was, that year, $7,330,980.13; for 1953-54, the federal offer was $2,134,500; the sum paid by the provincial government to its universities reached $6,786,183.51; the amount offered in 1954-55 by the federal government was $2,177,000, whereas the total paid by the provincial government of Mr. Duplessis to universities in Quebec, was $13,342,542.45; for 1955-56, $2,260,000 were paid by the federal government; the amount given by the provincial government of Quebec to its universities, that is, by a government responding to the universities' request, reached $19,203,287.63. For 1956-57, on the basis of $1 per capita, the federal government offered those universities an amount of $4,628,376, while the provincial government paid a total of $11,608,385.88; in 1957-58, also on the basis of $1 per capita, the federal government offered $4,758,000, whereas the provincial government paid $21,701,762.29.

Grants were offered by the federal government in 1957-58, by trampling on the constitution and the rights of Quebec $4,758,000; amounts offered by the Quebec government in full accordance with confederation and the constitution, $21,701,000. In 1958-59, the federal government offered $7 million, whereas the Quebec government paid $9,291,000. The total amount of grants offered by the federal government was $25,470,000, while the Quebec government gave $57 million to its universities.

Some account should also be taken of the devotion to duty of the Diefenbaker government, of the tremendous work of the Minister of Finance within the Diefenbaker government, and also of the provincial government's co-operation, because the provincial government had confidence in the new federal administration, and knew that it would not try to strangle the province of Quebec but would

try to reach an agreement on the basis of justice and according to the constitution.

Mr. Speaker, in addition to those $57 million paid to its universities, the Quebec government will now be in a position to offer them an additional amount of $25 million, recovered as a result of its steadfastness. Yet the Liberals call that bad business for the province of Quebec!

Mr. Parizeau: The Liberals are just talking through their hats.

An hon. Member: How logical.

An hon. Member: They are talking through Mr. Lesage.

Mr. Pigeon: The hon. member for Laurier (Mr. Chevrier does not know that because he has not been living in Quebec very long.

Mr. Boulanger: Why don't you season that with natural gas?

Mr. Johnson: Mr. Speaker, there has just been a reference to provincial matters. Someone has mentioned natural gas, but I rather feel it is the smell of ink from the printing bureau.

Mr. Deputy Speaker: Order.

Mr. Johnson: Mr. Speaker, my friends from the Liberal party feel themselves drawn into the provincial field in spite of themselves. They often refer, without actually mentioning him, to their man, Mr. Lesage who, in 1954, talking with his customary seriousness about provincial autonomy, referred to a cat which was being pulled by the tail. In fact, that reference may be found in the speech made by the Hon. Jean Lesage, on April 14, 1959, as it appears on page 4319 of *Hansard*. The one who said those words at the time has just brought forth a huge mouse. In fact, Mr. Speaker, the absentee leader of the Liberal party, the Liberal hero of the great electoral battles of Matane, Roberval, Labelle and Lac St-Jean, the great parliamentarian who has shown his great knowledge of parliamentary procedure at the Reform Club of Quebec City, well ensconced in his plush red seat, paid for out of the liberation fund, had an inspiration on reading Bill C-56. He suddenly discovered, as in some Jacob's dream, that Quebecers believe in the autonomy of their province. This led him to the conclusion that perhaps the citizens of the province of Quebec believe in their cultural value, and believe, in overwhelming majority, that the federal government, under the constitution of our country, has no jurisdiction in the field of teaching and education, that the universities of the province of Quebec must remain entirely under the control of their provincial government.

Suddenly, he saw the light. And that new Saul in scout pants felt animated by autonomist faith. I understand he has even decided to convert the citizens of the whole country to the constitutional doctrine of the Quebec government.

Perhaps in justification of the views expressed by the Moses from Port Arthur, he has acquired, in addition to so many others, a new complex of superiority, that of wishing to impose Quebec views on the rest of Canada.

But, Mr. Speaker, when he was a member of parliament in Ottawa, when he was a federal minister in the St. Laurent cabinet, why did the Hon. Jean Lesage—what a pretentious name given to such a mountebank—why did the Hon. Jean Lesage not show as much enthusiasm in defending the position of the province of Quebec? If he is prepared to state today that Messrs. Duplessis and Sauve would not have accepted such a compromise—

Mr. Deputy Speaker: Order.

Mr. Johnson: —why, when he was sitting in this house—

Mr. Deputy Speaker: Order. May I ask the hon. member for Chambly-Rouville not to stray too much from the principle of the bill now before us? I appreciate that we may discuss opinions of someone who is not here, in relation to this bill, but I do not believe that we can stray from the subject matter to the extent he has done for the last few minutes.

An hon. Member: Let him go on, he is doing well.

Mr. Pigeon: He is sinking Mr. Lesage, he is finishing him.

Mr. Johnson: Mr. Speaker, I hear the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) say that I am sinking Mr. Lesage. I think that remark was unnecessary, because I feel that Mr. Lesage is already sunk.

Mr. Speaker, you say, in your great fairness to the Liberal opposition, that I am getting away from the bill, so may I ask whether it is out of order to refer to the opinion of the Hon. Mr. Lesage, and whether it means I am getting away from the subject under discussion? I do not think this is getting away from the subject of federal aid to universities, because we are now on second reading and considering the principle of the bill.

Besides, Mr. Speaker, as Mr. Lesage is not very well known in Quebec, I thought I would describe him in order that people may better know who I was talking about.

Mr. Deputy Speaker: I though I had clearly indicated to the hon. member what would be relevant, that is to say discussion of opinions expressed on this bill. I do not think we should go any further than that, and discuss opinions on other matters or attitudes about other matters.

Mr. Johnson: Mr. Speaker—

An hon. Member: He is all at sea, now.

Mr. Johnson: Mr. Speaker I feel that in reporting the views expressed by Mr. Lesage on federal assistance to universities, I am respecting the principle of the bill.

I was saying that Mr. Lesage stated, in a press conference, that Messrs. Duplessis and Sauve would not have agreed to such a compromise.

Consequently, I would ask Mr. Lesage—and I ask also my Liberal friends opposite—why, when he was sitting in this house, he did not proclaim to the country as a whole that Mr. Duplessis was right in not giving in on that matter of university grants?

If he is prepared to admit today that federal assistance to universities is unconstitutional, I would ask him to deny his previous statements and to deny those of the hon. member for Papineau (Mr. Meunier) who, in this house, on April 26 last, blamed Mr. Duplessis for his failure to discuss any compromise with the St. Laurent government.

Incidentally, would the hon. member for Papineau, who is a lawyer, advise a lady client, who had been a victim of attempted rape to discuss any compromise with her attacker?

Mr. Speaker, if Mr. Lesage is sincere, why does he not repudiate his statement in favour of federal assistance to universities? For instance, would he be willing to repudiate what he said to McGill students on January 12, 1959 and that I find in *Le Devoir* of January 13, 1959? I quote:

> As you know, I was a member of the government which established grants to universities. You may thus infer my personal opinion.

If Mr. Lesage is sincere, when will he deny the statement of the Liberal member for Notre Dame de Grace, Mr. Paul Earl, who stated the following at the provincial legislature on February 24, 1959:

> We should accept the federal grants.

If Mr. Lesage is sincere, when will he repudiate the speech he made in the House of Commons in 1954, since he says he is willing to defend the autonomy of the province of Quebec?

If Mr. Lesage is sincere, he who in 1954 criticized Quebec for taxing Ottawa, why is he criticizing Ottawa today for "untaxing" Quebec?

How can this new convert to autonomy reconcile his former attitudes with the position he pretends to take now? Mr. Speaker, it is on purpose I use the word "pretends", because I do not believe in his conversion. I think he certainly does not deserve that the voters forgive him like Peter was forgiven.

The voters of Quebec feel that instead of this he deserves the fate of the apostle who hanged himself to an olive tree.

Mr. Speaker, I know that the population of Quebec has enough wisdom to settle the Lesage case at the next elections. Therefore, I would not have wasted my time, nor that of the house, in discussing his case, if the Liberal members had not first transposed the debate to the provincial level. Because Mr. Lesage, forgetting the advice of a political friend who told him one day to forget his rhetorical speech, plunged headlong into a denunciation of Bill C-56, probably without having read it properly, or at least understood it properly, the federal Liberal members from Quebec decided to oppose this bill in order, they believe, to help their branch manager who is in deep trouble.

Trying to use every means to attain their ends, they took this opportunity to try to clarify a principle which is obscure, to say the least.

In fact, what logical argument did the Liberals make in this house which could prove a single one of their statements? Oh, I realize it is easy now to judge, out of their context, the attitudes adopted by Mr. Duplessis in 1951, and to condemn him in absentia, when he is no longer here to reply. I personally witnessed the behaviour of some Liberals in the legislature. I remember that when Mr. Duplessis was there they never dared state in his presence the shocking and nonsensical things, not to say the smut, they were pouring out about him outside the house.

Like unmannerly street-boys, they did not dare provoke him to his face. They preferred to fling mud at him when his back was turned.

Mr. Deputy Speaker: I really believe the hon. member for Chambly-Rouville is again straying from the matter under discussion. What may happen in the Quebec legislature, especially as far as Bill C-56 is concerned, is absolutely out of order.

Mr. Johnson: Thank you, Mr. Speaker. Could I, on occasion, talk about Mr. Duplessis?

An hon. Member: Do not split our ears—

Mr. Deputy Speaker: The hon. member, I think, does not need very special instructions to know what is relevant or what is not. I trust he will obey the rules.

An hon. Member: He could seek advice from the member for Roberval (Mr. Tremblay).

Mr. Johnson: Mr. Speaker, what grieves me, is that I was about to pay some compliments to my hon. friends opposite. If I am allowed to go on, I may have a chance to pay them some compliments, because, now that Mr. Duplessis is no longer with us, certain members who I thought were serious and for whom I have great regard—that is the compliment I wanted to pay to them—are venting their overflowing spleen on this great man. I wonder why they persist in insulting the memory of Mr. Duplessis. What is their interest in doing so, if not an antiquated backward and outmoded conception of the ways to influence public opinion?

Do the Liberal members really believe they are helping the provincial Liberal party?

Finally, do they really believe they are serving Canada, our country? Do they feel that in this way they are serving the national unity which they claim as their handiwork?

(Text):

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I want to take only a few minutes to offer my congratulations to the government and also to the government of the province of Quebec on having resolved what has been for a long time one of the knottiest problems that the nation has had. I understand that the agreement arrived at was basically designed by the government of the province of Quebec and I believe that the acceptance of this agreement by the federal government and the provincial government of Quebec is going to be a most noteworthy and welcome milestone in both national development and the development of national unity in Canada. It can be the beginning of much greater areas of agreement in the years to come.

I completely fail to understand the attitude of the Liberal opposition in the House of Commons. The acting leader of the Liberals, the hon. member for Laurier (Mr. Chevrier), made some rather radical statements in expressing his attitude toward this legislation. As found on page 3282 of *Hansard* of April 26, he said:

> This is, to say the least, a fantastic piece of legislation. I submit, Mr. Speaker, that no other federal government or minister of finance since confederation has dared to intervene so emphatically, so evidently and so thoroughly in an exclusively provincial matter.

On the next page he went on to say:

> —I believe that several provisions of this bill constitute the worst intrusion ever attempted by a federal government in the affairs of a province.

As we understand the situation, the solution now being offered is by mutual agreement and when a solution is arrived at by mutual agreement I cannot appreciate how at one and the same time it can be called the worst intrusion ever attempted by a federal government in the affairs of a province. According to the Liberals, apparently it is perfectly all right to tax the people of Quebec in order to pay grants to universities elsewhere in Canada; apparently that is the Liberal version of national unity. We do not believe it is right to tax the people of Quebec in order to help finance universities in other areas of Canada when universities in the province of Quebec cannot obtain the same assistance.

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

Mr. Regier: Yes.

Mr. Crestohl: Does the hon. member mean to imply that because there is an agreement between the two parties that necessarily makes it constitutional?

Mr. Regier: I did not say that that makes it constitutional. What I did say was that to tax people of Quebec against their will for aid to universities elsewhere while such aid is being denied to their own universities is a worse intrusion in the affairs and the autonomy of a province than is the method now being offered for the consideration of the house.

Mr. Leduc: What about the trans-Canada highway and hospital insurance?

Mr. Regier: If this indeed is fantastic legislation, if this indeed is not a step in the right direction, if in the opinion of the Liberal party it constitutes the worst intrusion, then all I can say is that the method under which they operated for so many years at the expense of national unity and to the detriment of the interests of the people of Quebec was a much greater offence against national unity than is this legislation. If the Liberals want to vote against this bill, if they want to put themselves on record as being unalterably opposed to what in the course of Canadian history will turn out to be one of the greatest steps in the development of national unity; if the Liberal party

wants to be on the record officially as being forever opposed to such a move, that is up to them.

We believe this is a happy solution indeed. However, I do want to put one reservation on the record. We hope the government realizes that the needs of the provinces are going to grow and that particularly in the field of education they are going to grow at an alarming rate in the years immediately ahead. I have here an article in the May 21 issue of *Maclean's* magazine. The article is headed as follows:

> Our high schools are headed for a crack-up unless we hire another 2,400 teachers right away, build another 2,500 classrooms, raise more than $100 million to pay for them.

The article is written by Robert Walker, and he points out that we are now arriving at the stage where the post-war babies are entering our high schools. It will only be a limited number of years until those post-war babies are going to be knocking on the doors of our Canadian universities. The problem with which we are now faced of financing the universities is going to be multiplied many times over in the years ahead and our provincial governments will be unable, under the existing arrangements, to provide the degree of university education that they ought for our young Canadians.

We feel, especially in view of the fact our needs are going to grow so rapidly, that this legislation now before us is rather inadequate. It is really a poor substitute for meeting the needs of the provinces in so far as a new deal in the matter of revenues is concerned which would enable the provinces to meet their constitutional responsibilities. We heard a lot during the election campaign concerning a proposed new deal for our provincial governments. We sincerely hope that the acceptance of the bill now before us will not be misinterpreted and that the government will not believe that we are expressing our satisfaction with the fact that the government has met its obligations and is enabling our provincial governments to obtain the revenues that they need and of which they were assured at the time of the election campaign.

We also note with alarm the insertion in the bill of the date March 31, 1962, which would indicate that the government may not be contemplating any upward revision of aid to universities before the end of March, 1962. We hope that our 10 provincial governments, and especially our educational institutions, will not have to wait until that date before a new deal is granted them because they have already waited for some time.

Mr. Pickersgill: I should like to ask the hon. member a question before he resumes his seat. Did I understand the hon. gentleman to say that the C.C.F. was now opposing what Mr. St. Laurent did under the university grants, and which was so warmly supported by Mr. Coldwell and his whole party?

Mr. Regier: We have always been happy with any assistance being offered by the federal government in connection with the cost of university education anywhere in Canada. However, we said at that time we did not believe the attitude of Premier Duplessis was acceptable, and at that time the Liberals agreed with us. Now the Liberals seem to say that Mr. Duplessis has been right all along.

Some hon. Members: No, no.

(Translation):

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, before we go into committee on this bill, may I put a question to the Minister of Finance (Mr. Fleming)?

(Text):

Mr. Pickersgill: On a point of order, sir, the hon. gentleman, I believe, has already spoken in this debate.

An hon. Member: No, he spoke at the resolution stage.

(Translation):

Mr. Pigeon: If the hon. member proposes to explain the sections of this bill, could he not also give some explanation with regard to section 9B, paragraph 2, which says this:

> As determined by the minister.

I would like to have the minister give some explanation later on.

In closing, I may say, that, in view of the adverse remarks of the opposition members on the bill, if they vote in favour of it, they will cover themselves with ridicule in the eyes of the people of Quebec.

Mr. Loiselle: Who is talking of ridicule?

Mr. M. J. A. Lambert (Edmonton West): Mr. Speaker, as a representative of French-speaking people living outside the province of Quebec, I would be remiss if I did not say a few words on this legislation.

It is true that in the province of Alberta we have received grants for our universities; anyhow, there was only one university concerned, the provincial university. But, as you know, Mr. Speaker, we must, as Canadians, concern ourselves more with the higher education of our people, in order to keep our young Canadians in this country.

On several occasions, I pointed out my anxiety at seeing too many of our young people leave Canada for other countries.

I found that we had less and less young people in the province of Quebec. I look upon Quebec universities as Canadian universities and not only as institutions of one province. We are all Canadians, and we should look upon universities in each province as contributing to our national development.

Therefore I feel we should constantly increase our support to our universities.

There are those who claim that the federal government should not interfere directly in an attempt to control education—and I stress the word "control". However, now that we are working towards smooth relations between the federal government and the province of Quebec on the matter of grants for education, I think perhaps we should stop quarrelling and discussing procedure, and look at the purpose of this bill.

The purpose now being sought, and which in fact has been reached, is to enable Quebec universities to get grants from the federal government, or the equivalent of such grants. That is what really matters.

I was surprised at this so-called debate, because as a stranger to the province of Quebec and to the politics of the province of Quebec, all I have heard was about petty Quebec politics, something which should never have happened. Moreover, I think opposition members were wrong in taking such an attitude. Most speeches we have heard did not belong here.

Some hon. Members: What about the speech we just heard?

Mr. Lambert: You have been asking for it, because after all, gentlemen—

Mr. Loiselle: It is no surprise to see you fall into the trap.

Mr. Lambert: —after all, gentlemen, is it your privilege to—

Mr. Habel: Mr. Speaker, I rise on a point of order. I think the hon. member should know enough about standing orders to address himself to the Speaker, and not to hon. members as he is doing now.

Mr. Lambert: All right, Mr. Speaker, I shall address myself to you, and through you, to the members of the opposition to whom I was speaking directly. I was going to say that they invite such speeches, because they have no exclusive privilege to launch into all kinds of criticism without inviting rebuttal.

We thank you—

An hon. Member: Thank you.

Mr. Lambert: —for that kind of speech. I thought that was a rather narrow attitude, considering what we are trying to do. I therefore hope that after hours of election campaigning which should have been done elsewhere, we shall get the support of the hon. members opposite.

(Text):

I must say that this bill concerns directly the relationship between the federal government and the provincial government of the province of Quebec in so far as assistance to the universities is concerned. That is the main aim of this bill. One would have thought—certainly this statement applies to those of us who come from regions outside of the province of Quebec—that the members from the province of Quebec, and I refer to members of the opposition, while realizing that this plan had not been entirely successful in the past, instead of twisting, turning and trying to introduce some petty politics, something that was completely unnecessary in my opinion, would have said, "All right, this aim is being achieved and we must thank the good sense of other people".

After all, if you arrogate to yourself the exclusive capacity to negotiate or to arrange things, you are certainly going to find yourself in difficulty. But if other people are able to achieve the end that you would have desired to achieve, why adopt a dog in the manger attitude? That is perhaps the best qualification I can give it, if I may be permitted that expression of "dog in the manger attitude". I therefore felt that on this occasion I would not be accused perhaps of lecturing the house but would be regarded as making what I hope to be objective observations on a subject matter with regard to which we are pleased to see that a method has been found. We have this bill which will go to the assistance of the universities in the province of Quebec which will then receive the same measure of assistance as is being received by universities in other parts of the country. Goodness knows, Mr. Speaker, our universities throughout the country require a good deal of assistance if we are to maintain our young people at the topmost level of education to which I feel they are entitled, thereby developing and preserving the best of the intellectual capacities of our Canadian nation.

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, this is the fourth day of the debate on the motion for second reading of this bill. It has been an unusually

spirited debate and I believe it has been one of more than passing interest. We have seen some extraordinary things in the course of this debate. I suppose the most extraordinary one has been that of seeing the Leader of the Opposition (Mr. Pearson) and his principal lieutenant in the house, namely the hon. member for Laurier (Mr. Chevrier) at variance in their approaches to this bill. I shall have something further to say on that subject.

It has been even more extraordinary to find the opposition in this house launched into a debate without knowing how they were going to vote. Can you imagine, Mr. Speaker, serious members of this house going along into the third day before one of them could indicate how he and his party proposed to vote at the conclusion of the debate? Hon. members will recall that, when the hon. member for Laurier spoke in leading off for the opposition in this debate a fortnight or so ago, at the conclusion of his remarks or, I should say, at the conclusion of his denunciation of the bill, I asked him how he was going to vote upon it and he could not or would not tell me.

On the second day of the debate another frontbencher on the other side of the house, namely the hon. member for Levis (Mr. Bourget), delivered his denunciation of the bill. At the conclusion of his remarks I rose and asked him how he was going to vote upon it and he either could not or would not tell me how he was going to vote upon the bill. It went to the third day of the debate, before the Liberals found out how they were going to vote at the conclusion of the debate.

What an extraordinary performance that was, Mr. Speaker. Near the end of the third day the official opposition decided that after all the denunciations their members had uttered of the bill they were going along lamely to vote for the bill at the conclusion of this debate.

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

PRIVATE BILLS

JEAN BRASGOLD MARTZ

The house in committee on Bill No. SD-43, for the relief of Jean Brasgold Martz—Mr. McCleave—Mr. Rea in the chair.

The Deputy Chairman: Shall these 52 private bills be taken under one item?

Mr. Howard: I would ask that they be taken separately.

[Mr. Fleming (Eglinton).]

The Deputy Chairman: The committee will consider Bill No. SD-43.

On clause 1—*Marriage dissolved.*

Mr. Howard: I have a couple of comments to make on the item before us, Mr. Chairman. I would say also briefly to the Minister of Finance, through you, that it is unfortunate to have been obliged to interrupt the start of his discourse on some domestic matters in order to deal with others.

In this particular bill which is now before us we find that in the petition, which is dated September 10, 1958, it is shown that the marriage took place in January of 1938 between the petitioner and the respondent, and that there were two children born of that marriage. Also indicated in the petition are the birthdays of the children and the allegation that adultery had been committed during the past eight years and, in particular, on September 1, 1958. The address and name of the corespondent is also given.

At the outset, before I proceed to discuss whether or not the statements made in the petition have in fact been proved by the evidence, I should like to mention that the hon. member for Halifax in whose name this bill stands is unavoidably absent today, presumably taking part in a somewhat strenuous event in his own province. I imagine that the hon. member for Marquette or the hon. member for Victoria (B.C.) will be taking the place normally occupied by the hon. member for Halifax in piloting these bills through second reading. I might add that in my opinion no finer gentleman could be found to perform this function or, indeed, many other functions relating to the business of parliament.

I am sure that if during the time I am making some comments on the item before us I get off base as it were, or fail to make myself clear, one or other, both of these hon. gentlemen will be quick to point out the error of my ways and draw to the attention of the committee those aspects which they think I may not have interpreted correctly from the evidence before us.

With respect to proving that the marriage did in fact take place, the petitioner appeared before the committee, was sworn, and was asked certain questions by the clerk—the usual questions relating to age, occupation, and so on. Further questions were then asked with regard to the marriage ceremony. The petitioner replied that she was married, giving the name of the person to whom she was married, the date of the marriage, her religious faith and the name of the person who solemnized the marriage which took place in Montreal. She was then shown a document

and asked if she recognized it. She replied in the affirmative and identified the document as her marriage certificate. That certificate was then filed as exhibit No. 1. Thus we can take it, without question, that the marriage did take place, and this very important part of the petition is proved.

It is also indicated in the petition that there are two children born of the marriage, and questions were asked of the petitioner by a Mr. Blank. Perhaps I might indicate, for the benefit of the *Hansard* reporter that that is the actual name of the lawyer, Mr. Blank, and is not a substitute word such as we often use in place of the real name of an individual involved in some of these cases. Mr. Harry Blank is the counsel who appeared in this case and he asked questions about the children, as appears on page 10 of the report, as follows:

Q. Are there any children born of this marriage?
A. Yes, two.
Q. What are their names and ages?
A. My son—is 20. He was born in 1939 My daughter's name is—. She was born in 1945.
Q. When is the last time you lived together with your husband?
A. 1949.
Q. You have been separated for approximately 10 years?
A. Yes.

The next group of questions, with the exception of the last one which I read, do not relate directly to the children themselves but to the situation existing in the household leading up to the reason for separation. I should like to expand a little further on the subject of the children and consider the situation in which they find themselves at the present time. As to the son who, as stated in the evidence is now in Israel, I would assume he is probably not directly in need of care and maintenance by either of the parents; he is probably in employment or in the armed forces in that part of the country. The daughter, however, being with the mother and being now of the age of 15, is probably in need of care and maintenance such as children of that age require. The question is asked on page 11 by the chairman of the subcommittee, Senator Barbour:

Q. Do you have the children?
A. Yes, sir.

I suppose that even though the question is framed in the plural, the answer in fact relates to the one child who is in the care of the mother. The next question is:

Q. Does your husband contribute anything towards their keep?
A. He did, not too much.

One can draw the conclusion from that that the children have not been cared for too well as far as financial support is concerned. Subsequent questions asked by Mr. Blank the lawyer, while they do not specifically mention the children themselves do indirectly have some bearing on this question:

Q. Did you ever have your husband arrested for non-support?
A. Yes, sir. I had a hard time to get any money from him.

Then there is one other question about some legal proceedings which were taken for non-support, and which is answered in the affirmative.

That is the sum and substance of the questions and answers in the evidence with respect to the care and maintenance of the children. As you know, Mr. Chairman, from having listened to the recitation of evidence in other cases, the questions and answers in this instance are somewhat scanty. I am not casting any reflection on the activities of members of the other house in this regard, I simply mention it as a point of fact. There are some circumstances which might be of interest to the committee which existed, according to the evidence given, prior to the actual petition which was submitted for relief in this instance. I should like to return to page 10 where I ceased when I was talking about the children, and go to questions by Mr. Blank, about a third of the way down the page:

Q. When is the last time you lived together with your husband?
A. 1949.
Q. You have been separated for approximately 10 years?
A. Yes.
Q. Why did you separate?
A. He was running around with other women.
Q. How do you know that?
A. He did it openly.
Q. Do you know what he has been doing for the past number of years?
A. He has been living with someone else.
Q. The same woman?
A. Yes.

I assume the question "the same woman" meant he has been living with the same woman for the past number of years, and that she answered in that sense, probably differentiating this particular woman from her plural use of the word earlier when she said "other women". Then Senator Barbour, chairman of subcommittee No. 3, asked the petitioner questions relating to the circumstances:

Q. Do you know that of your knowledge?
A. Yes, sir.
Q. Have you been to the place where they are living?
A. I have not been but I know they are living together as man and wife openly.

I relate these circumstances here, Mr. Chairman, to the conclusion I wish to draw with respect to the material part of the evidence relating to adultery to show that again prime consideration was given, and I think

quite properly so, to the fact that there was a common law arrangement, an open, knowledgeable common law arrangement, existing between the respondent and the corespondent. That in itself, upon their own admission and as given in evidence later on by one of the investigators, is the basis upon which this particular divorce was recommended to be granted by the other place and the basis upon which we should also consider it. That is why I relate this preceding evidence by the petitioner.

Following that there was another question by Mr. Blank:

Q. After you discovered that your husband was living with this woman—

Then Senator Barbour interrupts because apparently he had not finished the trend of his questions. He asks:

Q. I think it would be well if you told us how you know.
A. Well, she calls herself Mrs.—

Then the married name of the petitioner herself is given and the married surname she would have if she were in fact married to the respondent.

Q. Have you been talking with her?
A. No, but when her mother passed away she had it announced in the death certificate that she was the wife of—
Q. You mean, the death notice in the paper?
A. Yes.

Then follows a question by Senator Bradley with respect to this relationship:

Q. It is common knowledge in the neighbourhood?
A. Yes.

Mr. Chairman, I think we can draw from that that Senator Bradley was referring to it being common knowledge in the neighbourhood that the respondent and the corespondent were living together openly as man and wife and that the corespondent was in fact using the name she would have used if she were legally married to the respondent; that is, using the married name of the petitioner.

There follow then some questions about collusion and whether any of these things had in fact been engaged in between the petitioner and the respondent. Then Mr. Blank asks at the bottom of page 10:

Q. Have you ever forgiven him for this?

That relates, I assume to his activities.

A. No, sir.
Q. Did you in any manner, shape or form help arrange this relationship between your husband and this woman?
A. No.

Then Senator Bradley asks further similarly related questions:

Q. You have not arranged this divorce between you?
A. No, sir.

Q. There is no chance of reconciliation?
A. No, sir.
Q. You will not forgive him?
A. No, sir.

In this particular instance, also, Mr. Chairman, there are two investigators, as they classify themselves, Mr. Peter Rosen and a Mr. Abe Golden, both of Montreal. They undertook here to give evidence as to their activities with respect of the respondent, what they discovered and saw.

I find it difficult at this hour when the young page boys are not here to get a glass of water. Quite frankly, I do not know why the page boys are absent at this particular hour because I do not see anything in the evidence I have read so far which could be considered indelicate. Nevertheless, that is what takes place.

Mr. Rosen appeared as a witness. He gave his name, age and occupation on page 11. Then he is asked some questions by Mr. Blank, counsel for the petitioner. He identifies a photograph and says it is a photograph of the respondent. Incidentally, in this instance also it is a photograph taken a long time ago, according to the evidence of the petitioner in answer to questions from the clerk of the committee. You will recall that we had some discussion about photographs taken some years ago and whether in fact they would still bear a resemblance to the individual whose picture it was. In this instance I do not know what "a long time ago" means. In any event, Mr. Rosen identifies the photograph and gives the name of the person he says it is a photograph of. Then he is asked:

Q. Will you tell the court—

Those words are used, Mr. Chairman. I would suggest that what he meant was, "Will you tell the honourable subcommittee of the other place". But the use of the word "court" might allow for a thought to be expressed at this time. Perhaps if we do establish a separate federal court we might very well appoint members from the other place as judges of that particular court to deal with divorce proceedings, because they have certainly had a great deal of experience over the years in dealing with them.

The evidence of Mr. Rosen is rather lengthy but I think I can point out the common law arrangements necessary to establish that relationship. If you recall, on one other occasion I was accused of selecting parts of the evidence out of context to paint a particular picture, but I am sure my hon. friend from Marquette and the hon. member for Victoria, (B.C.) would not do that in any event. On one occasion it did occur, and I

do not want to fall into the position of having someone say that I selected particular evidence to show particular points. Permit me to make rather extensive reference to the evidence.

A. I investigated Mr.—movements about a week prior to December 1, 1958, we found he was living at—and I found he was living there with a woman. On further investigation I found they had been living there for the last three years together. On December 1, 1958, my man—.

Incidentally, his man is A. Golden, another investigator. I continue:

On December 1, 1958, my man Mr. Golden and myself drove up to—at approximately 6.30 in the evening and we parked ourselves close by and we waited. About 7.30 that evening Mr.—drove up with his truck and he drove his truck into the back yard of the house and then he came out of the yard and into the house. We stayed there until about approximately 11.30 in the evening. Mr.—nor the lady in the house came out. At about 11.30 we noticed the lights went out downstairs and there were still some lights upstairs. It was a two-floor house. Shortly after that, about a quarter to twelve, all the lights were out upstairs. Mr. Golden and myself, we went up to the door and we rang the bell. It took a few minutes and a man—the light came on in the vestibule and the man came to the door and he opened the door.

You will recall, Mr. Chairman, and others will recall, I am sure, that on a previous occasion the hon. member for Vancouver East was wondering how within the period of half an hour adultery could take place. If the hon. member for Vancouver East were here now I am sure he would be quite concerned about how within a period of two or three minutes adultery could take place because this is what he said. He said that at 11.30 they noticed that the lights went out upstairs and there were still some lights downstairs; it was a two-floor house. Shortly after that, about a quarter to twelve, all the lights were out upstairs. I continue:

Mr. Golden and myself, we went up to the door—

As soon as the lights go out they go up to the door and they ring the bell. It took a few minutes and the man came down. Therefore, in a short space of time, in a few minutes—what a few minutes mean I do not know, in fact, but we can assume probably not more than five minutes, according to the particular evidence given by the investigator —adultery took place. The lights went out upstairs. About a quarter to twelve they went up to the door and within a few minutes a man came downstairs and they go on to give other evidence. I use this only to point out that it is ridiculous to expect people to believe that on this particular day adultery took place. This is what it says in the petition, that for the last eight years this has been going on. According to the rules of the Senate you cannot be general, you must specify. Therefore, they specify and they say, "And in particular, on the first day of December, 1958, adultery took place." Adultery took place within the space of a few minutes and we all know that this probably is not possible. I assume it may be possible if a couple were in a rush or if they were using a motel for the evening as happens in some of these cases. But the evidence is that they were living together for three years. Certainly by this time they had got sort of accustomed and used to one another. They say that in that space of a few minutes adultery took place on this particular day or this particular night.

So far as saying adultery took place on the first day of December in particular, I think we can say that is absolute nonsense. According to the times given here it did not take place. If these investigators had waited for half or three quarters of an hour after the lights went out, as is usually the case, before they went and knocked on the door then perhaps one could give some credence to the suggestion that adultery or intercourse had taken place at that particular time. But to say that it took place in the space of a few minutes is to say something that I doubt very much, and I am sure the members of the other place doubted it very much.

Mr. Walker: Mr. Chairman, may I ask a question? On what authority does the hon. member profess to come here and to act as an arbitrator in these things? I mean—

Mr. Howard: The hon. member in asking his question got as far as the words "I mean". I thought he was going further.

Mr. Walker: Yes. "Upon what meat doth this our Caesar feed, that he has grown so great" to come into this forum and pontificate on such a subject?

Mr. Howard: Some weeks ago on the invitation of the Minister of Public Works I became interested in the particular cases before us. I am no authority and I am not attempting to arbitrate. If we are going to be asked to pass divorce cases, then I think we should have an understanding of the full implications of the evidence given before the other place in order to determine whether we are doing the proper thing or not. In answer to the question, if we had not undertaken a thorough study of some of these things there would have been a number of cases already passed by this parliament in which there was a great conflict of evidence. One was a contested case and as a result of our study and asking parliament to study these things we are looking into them carefully. It is not a question of pontificating, arbitrating or setting myself up as an authority, which I have

no right to do. It is a question of allowing full discussion and coming to an understanding of these cases so long as they are here before parliament. I think it is the responsibility of all hon. members to do the same sort of thing and to acquaint themselves as thoroughly as possible with the circumstances that exist in order to ensure that we are doing the right thing when we pass a law dissolving a marriage.

I think I can say without the shadow of a doubt that adultery did not take place on the first day of December. We can assume that it has taken place. They have been living together for three years as man and wife. That is the evidence given. But in this particular case, if we pass this divorce on the grounds that adultery took place we will be granting it on the grounds of a common law arrangement having existed, and the reference to adultery having taken place on this particular day will not be borne out. This is the prime factor that will be in our minds, and I am sure it was in the minds of the members of the committee of the other place.

Anyway there is further substantiation of this common law arrangement in the evidence. Also, Mr. Chairman, there are some conflicts between the evidence given by the two investigators.

Mr. Mandziuk: May I ask the hon. member a question. The hon. member referred to common law arrangements. What does he mean by a common law arrangement? The evidence in this bill proves that these two people, this married man and this woman, were living together for a period of nine years. The hon. member refers to a common law arrangement. I would like to have him clarify that.

Mr. Howard: Yes, I would be quite pleased to attempt to do it. Certainly I would not think my thoughts on the question of what common law means would anywhere near approximate the understanding that my hon. friend has after having been so many years in a particular profession. The words "common law" are ordinarily understood by laymen to mean two people, a man and a woman, living together but not legally married. This is the circumstance which we have related—

The Deputy Chairman: Order. I must advise the hon. member that his time has expired. Shall clause 1 carry?

Mr. Peters: Mr. Chairman, this question of the common law relationship is one that has received very little consideration from legal authorities but it is very interesting to note that Power in discussing this matter has pointed out the things that are necessary to prove a marriage and what constitutes a marriage. The legal definition of a common law marriage is that it is one where a man and woman live together in a certain relationship and have children and the husband recognizes the children as being legitimately—

The Deputy Chairman: Order. Would the hon. member explain to me what this has to do with Bill No. SD-43?

Mr. Peters: In Bill No. SD-43 we are concerned not so much with the charge of adultery because the charge of adultery is incidental to the common law marriage which has lasted for over nine years. I was trying to point out that the common law relationship has been accepted in a number of acts. One of them is the War Veterans Allowance Act.

The Deputy Chairman: Order. I cannot see anything in the preamble of this bill referring to a common law relationship. This bill refers to adultery as the cause for divorce. There is no reference to the common law relationship.

Mr. Peters: When the hon. member for Skeena was discussing this bill a question was asked toward the end of his remarks.

An hon. Member: No one asked you.

Mr. Peters: Whether or not I was asked maybe I will see fit to answer. I would suggest that the charge of adultery is only incidental to the situation that has developed over a period of years and that we are not so much concerned with the adultery charge. I am quite sure we can prove that there are no grounds for adultery as such in this bill but that a situation developed over a period of nine years which would tend to convince one that adultery was quite possible and very likely and in fact did happen. Having regard to the over-all situation rather than a specific incident, though the other committee asks for a specific incident, I think we could well grant this divorce as we could have granted the last one on the grounds of a common law alliance.

I would be quite happy to go into the legal definition of what constitutes adultery and I think the evidence here will not bear that out. Before we come to the evidence of the detectives it might be wise to mention one other matter that I think is a consideration in this case, and I have reference to the petitioner herself. The petitioner was asked by her lawyer how long it was since she had lived with her husband. The actual question was:

Q. When is the last time you lived together with your husband?
A. 1949.
Q. You have been separated for approximately 10 years?
A. Yes.

This woman has lived apart from her husband for 10 years. As the committee is well aware, the length of time that elapsed from the committing of the first act of adultery of which the wife had knowledge gives rise to the charge that undue delay took place in this case, and undue delay is an absolute bar to the granting of the divorce.

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

Mr. Peters: Yes.

Mr. Mandziuk: On what authority does he base the assertion that undue delay bars the petitioner from seeking a remedy in the courts?

The Deputy Chairman: Order. That question certainly is not relevant to this bill.

Mr. Peters: It seems, Mr. Chairman, that you have ruled that the question is not admissible anyway. Mr. Power has certainly pointed out that this is one of the absolute bars to the granting of a divorce. I only point this out as an indication that this case did not develop overnight. This was not a case of the husband entering into other arrangements over a short period of time and the wife instigating divorce proceedings immediately to seek relief from this situation. This situation carried on for a long time.

The evidence of the investigators appears to be the only thing in which many members are interested and I wish to deal now with their investigation of the so-called adultery. I think we are being unfair and unrealistic in a case of this kind when we ask that adultery be proved. That was my point in endorsing the argument the hon. member for Skeena made that a divorce can be granted on the basis of a common law arrangement.

But when one specific incident in that common law alliance has to be proved and there is not going to be reference to the fact that there is a common law alliance then we are going to have to be as specific in this case as if the husband had gone to a hotel and had been caught in adultery there with a woman. If that is not going to be proved then we should be willing to grant the divorce on the grounds of the husband having lived publicly and openly in a common law alliance. The investigator in this particular case was Mr. Peter Rosen. He is 38 years old and lives in Montreal.

Mr. Chambers: What has that got to do with it?

Mr. Peters: His occupation is investigator. The lawyer asked him these questions:

Q. I show you exhibit 2, a photograph. Can you tell me whose photograph that is?

A. Mr. Louis Martz.

Q. Did you have occasion to investigate Mr. Louis Martz's conduct around the first of September, 1958?

A. That's right.

This is nine years after the couple terminated the marriage, according to the information given by the petitioner.

Q. Will you tell the court what you discovered?

A. I investigated Mr. Martz's movements about a week prior to December 1, 1958, and found he was living at 10675 Gariepy street in Montreal North, and I found he was living there with a woman. On further investigation I found they had been living there for the last three years together.

What he is saying is that the couple made no secret of the fact that they were living in a common law alliance outside the bonds of normal matrimony, and while this is not an admission of adultery I suggest it is certainly an admission that one of the original partners to the marriage had terminated his connections and had begun a liaison with another woman which he intended to continue. I suggest that this in itself should warrant us in granting the divorce. The witness continued:

On December 1, 1958, my man, Mr. Golden, and myself drove up to Gariepy street at approximately 6.30 in the evening and we parked ourselves close by and we waited. About 7.30 that evening Mr. Martz drove up with his truck and he drove his truck into the back yard of the house and then he came out of the yard and into the house. We stayed there until about approximately 11.30 in the evening. Mr. Martz nor the lady in the house came out. At about 11.30 we noticed the lights went out downstairs and there were still some lights upstairs. It was a two-floor house. Shortly after that, about a quarter to twelve, all the lights were out upstairs. Mr. Golden and myself, we went up to the door and we rang the bell. It took a few minutes and a man—the light came on in the vestibule and a man came to the door and he opened the door. I asked to speak to Mr. Louis Martz and he said "That's me. What is it?" I said "We would like to speak to you" and he opened the door and we walked right into the house. I showed him the picture that I had, exhibit 2. I asked him if that was his picture and if he was Louis Martz, and he said yes. I said that we were acting on behalf of his wife and he said "What does she want? What is she bothering me for? I wish she wouldn't keep bothering me. I have been living here. I don't want to be bothered by anybody". I said "Well, we have to get the evidence against you. You are living here with a woman." He said "So what. We have been living together for nine years." I said "That's none of our affairs" and we made our way up the stairs to the second floor, which was a bedroom and a den, and there was a woman in the bedroom and she spoke to Mr. Martz and she said "What do they want?" and he said "It's my wife making trouble for me" and I said "There is no trouble. We just want to know what your name is and that's all". The woman and Mr. Martz discussed something between themselves for a minute or so and then she told us her name was Marie Titleman. There was no one else in the house. We looked around. The bedroom itself had a double bed with two dressers in the room and a couple of chairs and there was woman's

and man's clothing in the cupboards in the same room. I then told Mr. Golden we had seen enough, and we left.

Frankly, Mr. Chairman, I think they had seen everything. They even went through the cupboards in the house in order to meet the legal requirements for establishing that adultery had been committed. They invaded the privacy of a family and of a home. Just what did they see? They walked into the house and a man admitted that he was Mr. Martz. He admitted that he was living with this woman, but that is of no importance whatever. We are not interested in that. All we are interested in is establishing that on this particular day, at this particular time, adultery did take place. They looked around and they found some clothing in the cupboard, both men's and women's clothing. They found that both of these people were living there, something they knew before they went there. But they did not find them committing adultery.

Adultery is not something that happens over a period of a week, it happens in a specified period. Some proof must be presented that adultery did take place. I am suggesting that the witnesses did not even attempt to prove that adultery had been committed. This was not important at all. All they did was to find out who the corespondent was. This is absolutely necessary in order to meet the requirements of the law because in presenting a divorce bill we must give the proper name of the corespondent. Except when exceptional circumstances are involved it is impossible under our Canadian law to establish grounds for divorce without giving the name of the corespondent.

This is what has happened. We are confronted with a common law alliance. The implication is that adultery has taken place. In order to establish this fact the detectives in this case went into the house, examined the situation and talked to the man. He admitted the common law alliance, but he did not admit that adultery had taken place on this particular day. The committee is being asked to suppose that adultery did take place or could have taken place. I suggest it is not necessarily proved that the man was in the bedroom upstairs. The evidence does suggest that the lady was upstairs, but there is no proof that this man was not sleeping in the den. There is no proof that this man was not sleeping downstairs on this particular night. There is not even mention of the pillows in this case. Mention is made of the fact that a couple of cushions were involved rather than pillows. We do not even have the limited evidence given in other cases which does give a much clearer indication that adultery could have taken place.

I should like to refer to this question of adultery. On another occasion I said that if a man admitted living at common law the divorce could not be granted on that ground. I was wrong and the lawyers in the house were right. What the judges and courts have discussed on previous occasions was the fact that an admission of adultery was serious, sometimes having criminal implications, and there was always a suspicion the man was doing so by pre-arrangement in order that the divorce could be granted. The common law alliance was not of too much importance, but adultery had to be committed—

The Deputy Chairman: Order; the hon. member is discussing the proceedings in a divorce case and not Bill No. SD-43.

Mr. Peters: Mr. Chairman, I think in this particular case we have before us a common law alliance which has implications of adultery. I am quite happy to see this divorce bill granted on the stipulation it is granted on the basis of a common law alliance, not adultery, because adultery has not been proven.

The Deputy Chairman: We can just discuss this bill and whether or not, according to the evidence, adultery has been committed. According to the judgment of the committee of the other place, it has been, and that is all we can discuss.

Mr. Peters: In this case, I would say we certainly have before us no evidence that adultery was committed on this particular day.

Mr. Lambert: Vote against the bill, then.

Mr. Peters: I might vote against it. We have not concluded our discussion of the matter as yet. There may be something said by members on the other side of the house that would change my mind. I admit I was partly wrong in my statement on a previous occasion. The chairman of the committee of the other place asked this question:

Q. Was anything said about them living together while you were there?

A. Mr. Martz told us that they were living in that house for about three years, but after further talk he said "We have been living together for nine years in different places but they had lived there for three years". In fact, last week I went up there and I checked again and the same woman was still living in the house with Mr. Martz. They were still living at the same address.

I believe the chairman of the committee of the other place was very concerned about this matter. This is not the normal, stereotyped question we find in other cases. It is rather a different type of question and shows his concern about these people living together, and what the arrangement was.

In so far as the implication that adultery could have taken place is concerned, I might say that in looking through Mr. Power's book I am unable to find any indication that a divorce was granted on the ground of what is called common law arrangement. It is for this reason that I am quite concerned—as was the chairman of the committee of the other place—about the fact of the alliance or the arrangement that was made and which, in my humble opinion and I think in the opinion of many members of the other place, was given full consideration, and the divorce was granted.

There was a second witness to this incident on this particular night and that was Mr. Abe Golden, age 52, living in Montreal and also classified as to occupation as an investigator. Defence counsel Mr. Blank started his questioning in this way:

Q. Mr. Golden, I show you a photograph, exhibit 2. Do you recognize the photograph?
A. Mr. Louis Martz.
Q. Did you have occasion to visit premises at 10675 Gariepy street in Montreal on December 1, 1958, with Mr. Rosen?
A. Yes.
Q. Will you tell the committee what you saw and heard?
A. At approximately 11.30 p.m. Mr. Rosen rang the bell and it was answered by a man. We entered the house and the man had on his pyjamas. Mr. Rosen showed him the photograph and he admitted he was the man in the picture.

It would appear that he was in this picture more than just in this particular photograph.

Q. And what happened?
A. While we were conversing I followed Mr. Rosen upstairs to the bedroom and there was a woman in bed.

That is quite an interesting sentence:

While we were conversing I followed Mr. Rosen upstairs and there was a woman in bed.

I suppose he left Mr. Martz downstairs conversing with himself. But in any event they arrived upstairs.

Mr. Martz got nasty and wanted to know what it was all about—

I presume that is while he was discussing matters with himself downstairs.

—and we told him we were there on behalf of his wife. He said, "What is she bothering me for? I have been living with this woman for nine years." We then left.

Mr. Chairman, they did not leave then. They looked through the dresser drawers. They examined the cupboards and they ascertained for themselves that women's clothing and men's clothing was contained in those cupboards. This fellow therefore left too soon because there should be another couple of lines to the questioning of him as to whether there was a reasonable indication that a man and a woman both shared that particular room.

Q. Do you recall about seven years ago I asked you to serve a subpoena upon a woman in connection with a case of Louis Martz?
A. Yes.
Q. Is this the same woman you served on Querbes street?
A. Yes, sir.
By the Chairman (Senator Barbour):
Q. Was the bedroom on the same floor that you entered?
A. The bedroom was upstairs.

Then Senator Bradley asks some questions that I think should have been asked by the lawyer himself. His questioning went in this way:

Q. You went upstairs?
A. Yes.
Q. What were the conditions you found in that room?
A. The bed was disturbed. There were two cushions on the bed. It was a double bed.
Q. Any evidence of clothing there?
A. Yes, there were clothes on the bed and on the bureau.
Q. Men's and women's?
A. Yes.
Q. How was Mr. Martz dressed?
A. He had on his pyjamas, sir.
Q. And the woman?
A. The woman was covered up.
Q. She was in bed?
A. Yes, sir.

I would suggest, Mr. Chairman, that you would be obliged to draw a fairly strong inference from this evidence of these two investigators if you were going to draw the inference that the charge of adultery had been substantiated or, as I suppose the lawyers would say, that a prima facie case had been established that would indicate adultery in this case. I think the investigators were also of the opinion that if people lived in an open and public common law alliance it was rather foolish for them to be there and to go through the rigmarole they must go through in these cases in order to indicate beyond a reasonable doubt that adultery took place.

In my opinion, Mr. Chairman, this is not an established case of adultery. By the admission of the respondent, the lack of appeal by the corespondent and the inference that has been drawn from the evidence of the plaintiff, I would suggest that there are good grounds for granting this divorce; but this ground must be the ground of common law alliance and not the ground of an adultery charge as has been indicated in the petition. If the committee saw fit to pass this bill today by changing the interpretation from an adultery charge to an adultery charge over a period of years because of a common law arrangement, then I would be quite happy to have this divorce granted on the common law ground. Unless somebody objects to it, it

is my opinion that this bill will be passed on the ground of common law alliance.

Clause agreed to.

Title agreed to.

Bill reported.

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

Mr. Howard: Next sitting.

Some hon. Members: Now.

Mr. Speaker: Now?

Mr. Howard: I should like it to be read on the next day.

Some hon. Members: Now.

Mr. Howard: I rise on a point of order. If I rise to discuss third reading now, presumably we shall reach six o'clock and the third reading will then be adjourned and the bill will fall to the bottom of the order paper. It is not my intention or desire to have that happen. That is why I asked that it be allowed to be read a third time the next day.

Mr. Speaker: Is it agreed that this bill be read a third time at the next sitting of the house?

Some hon. Members: Agreed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT

ALTERNATIVE ARRANGEMENTS FOR UNIVERSITY GRANTS—EXTENSION OF INDIVIDUAL INCOME TAX RATE

The house resumed consideration of the motion of Mr. Fleming (Eglinton) for the second reading of Bill No. C-56, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

Mr. Fleming (Eglinton): I had drawn attention to the fact that although the debate on this measure began on April 26, the Liberal opposition did not know at that time how it was going to vote. The debate was resumed on May 4; the opposition did not know then how they were going to vote; it was resumed on May 5, and only as that day passed, and the Leader of the Opposition was finally able to declare himself, did we learn how the Liberals opposite intend to vote on this measure.

[Mr. Peters.]

As an old friend of the hon. member for Laurier, I think a serious injustice has been done to him by his leader. The hon. member could not possibly have made the speech he did make in opening the debate on this measure for the opposition on April 26 without expecting that he and his associates would vote against it. Otherwise, what he said on that occasion, and the attitude he took, become utterly incomprehensible, and I do not think the hon. gentleman takes incomprehensible positions. Similarly, another frontbencher on the other side, the hon. member for Levis (Mr. Bourget) does not ordinarily take incomprehensible positions but he, like the hon. member for Laurier, has been left in an impossible position by the way in which the Leader of the Opposition has now pulled the rug from under his feet.

There is a question of responsibility in this house for utterances made in it. I intend to digress for a moment and offer this comment on the speech made by the hon. member for Laurier in launching the debate on behalf of the official opposition. I am reading part of an editorial which appeared in a well-known Liberal journal, the Toronto *Star* of April 30:

> The Hon. Lionel Chevrier, former Liberal transport minister, is exaggerating when he describes the new federal-provincial university grants program as—

Mr. Pickersgill: I am rising on a point of order.

Mr. Speaker: I was about to rise on what, I imagine, is the same point. I think it would be out of order to cite the opinions of a newspaper reflecting on statements of an hon. member made in the course of a debate in this house.

Mr. Fleming (Eglinton): Mr. Speaker, there are parts of this editorial which I think fully comply with the ruling you have given—

Mr. Martin (Essex East): How could it?

Mr. Fleming (Eglinton): We read editorials in this house—

Mr. Pickersgill: Not commenting on a debate before the house.

Mr. Fleming (Eglinton): I am not reading a portion which comments on a debate; I am reading an observation on a position taken in relation to this question.

Mr. Speaker: I am afraid the minister has ruined his position by reading the first part of the editorial. It is true that a good deal of editorial comment on the policy which is enshrined in this bill has been used, and that would be in order. However, anything that is attributed in a critical way to an individual member in a debate here goes beyond

what is permissible in my view, and I hope the minister will govern himself accordingly.

Mr. Fleming (Eglinton): Then I draw attention, with the support of a Liberal source in this regard, to the fact that the charge which has been made in relation to this matter—and I shall be returning to this subject—"will not enhance Liberal party prestige in the rest of Canada or the cause of Canadian education which has suffered from the enforced poverty of Canadian universities". I add this: that "this new arrangement, whatever its faults, has the merit of being acceptable to Quebec and providing funds for Quebec universities".

Let me recall here just what it was that the hon. member for Laurier had to say about this measure when he spoke on April 26. This was the lead-off speech; this was the keynote speech for the Liberal opposition. This is what he said, as recorded at page 3282 of *Hansard*:

> There is a new constitutional problem created by this bill.

And further:

> This is, to say the least, a fantastic piece of legislation. I submit, Mr. Speaker, that no other federal government or minister of finance since confederation has dared to intervene so emphatically, so evidently and so thoroughly in an exclusively provincial matter.

Some hon. Members: Hear, hear.

Mr. Fleming (Eglinton): Did you ever hear a more blatant example of irresponsibility in this house? The very members who now purport, by rapping their desks, to endorse this extraordinary statement by the hon. member for Laurier are those who in a few minutes will be in the invidious position of voting in favour of this measure.

The hon. member for Laurier proceeded:

> The province will become a mere fiscal agent of the federal authority with respect to a direct provincial tax raised for a provincial purpose. This is surely the height of arrogance.

The height of arrogance? I say it is the height of irresponsibility for hon. members in this house to pretend any longer that they have a sense of responsibility and make such statements as that about a measure which is before them and then turn around and vote in favour of the measure. How can any self-respecting member, how can any self-respecting opposition, how can any self-respecting political party say those things about a measure and then vote for it? If hon. members opposite really believe what was said on their behalf by the hon. member for Laurier how can they follow such a course? How can they claim to be following an honourable course except by voting against a measure which they have condemned in such emphatic terms?

How can the hon. member for Laurier describe this legislation as fantastic and then vote in favour of it? How can he say that no other federal government or minister of finance since confederation has dared to intervene in this way in an exclusively provincial matter, and yet vote in support of what he calls an intervention by the federal government in a provincial field? How can he, as a self-respecting member, say of this bill that the province will become a mere fiscal agent of the federal authority and then turn around and vote in favour of that very proposition?

The course that the opposition has followed in this debate amounts to an utter negation of responsibility. The hon. gentleman wound up by saying that this was surely the height of arrogance. Mr. Speaker, surely it is the height of folly on the part of the opposition to think they can carry conviction to the Canadian people when they talk out of both sides of their mouths while they are debating and then vote in exactly the opposite way. I say that if hon. members opposite believe what was said on their behalf by the hon. member for Laurier they are defaulting in their duty by not opposing this measure. I say, further, that the Leader of the Opposition, when he spoke in this house on May 5 announcing that he and his followers intended to vote for this measure, repudiated what was said earlier on behalf of himself and his party by the hon. member for Laurier, the hon. member for Levis and other members; and he repudiated Mr. Lesage. I say that we have surely heard the height of hypocrisy and double-talk.

Admittedly the opposition was faced with a dilemma with respect to this measure, but surely the way for them to win respect in the face of a dilemma is to take their courage in both hands and stick by what they say in this house, not run away from it. They will not win respect from the Canadian people by a pusillanimous attitude of this kind.

We saw an effort being made by the Leader of the Opposition on May 5 to introduce a diversionary tactic. He wanted to get the mind of the house away from the provisions of this bill with respect to university grants so he tried to bring in as a red herring an argument about equalization, as applied to the other amendment contained in this bill, in relation to the Federal-Provincial Tax-Sharing Arrangements Act.

It was a pretty transparent diversion. We did not oppose the principle of equalization in 1956. On the contrary, we extended the

principle of equalization in the 1958 amendment to this legislation; we extended it again by the 1959 amendment and we are extending it again by this amendment which is now before the house. We have nothing to learn from Liberals opposite about the equalization principle or about meeting the needs of the provinces and improving their fiscal positions, because we did something to meet those needs and have done more than any Canadian government in history has ever done.

I am always interested in questions of timing on the part of the opposition. I found something very interesting with regard to the timing of their deliverances on this subject. On March 18 the resolution in anticipation of this measure was moved and it was known to hon. members opposite that the provision for increasing from 10 per cent to 13 per cent the provincial share of the yield from the personal income tax would expire at midnight on March 31. I had hoped that we would resume debate on the resolution the following week and I did make that suggestion to hon. members opposite.

For reasons which to them appeared adequate they did not wish the debate to be resumed at that time and consequently it could not be resumed until April 1 and on that day the resolution was passed. But it was well known to them at that time, indeed it had been a matter of agreement between parties in the house, that the balance of the period up to the date of the Easter adjournment would be fully occupied with the debate on the budget. So the provinces in the meantime dropped back to the 10 per cent share of the personal income tax and it will not rise again to 13 per cent until this measure becomes law.

However, that was not the matter that seemed to concern hon. members opposite. I seem to find another purpose in their timing effort in this regard, for I find that while any attempt to advance the measure further had been effectively precluded by the position they had taken before Easter, the Liberal leader in the province of Quebec—

An hon. Member: Who is he?

Mr. Fleming (Eglinton): —Mr. Lesage on April 13 delivered himself of his views on this measure. There, I think, is an interesting matter of timing because hon. members opposite timed their attitudes on this measure in such a way that the resolution would be passed and the bill would be introduced before Easter, but the bill would not be advanced to second reading and they would not have to take their positions, and in the meantime Mr. Lesage, having seen the bill, delivered himself of his opinion on the bill.

In a report coming from the city of Quebec, which is printed in an article in the *Globe and Mail* of April 14, appears the following:

> Liberal leader Jean Lesage said today that he will denounce the current federal-provincial agreement on the financing of university grants if his party takes power at the next general elections.

Very interesting. Yet the same party is going to vote for this measure on second reading in this chamber tonight. The report proceeds:

> Mr. Lesage said that the right given in the bill to the federal Minister of Finance to approve any arrangement between the provincial government and the universities constituted a most dangerous precedent in the field of provincial autonomy.
>
> In addition, the fact that Quebec would have to return the difference between its 1 per cent increase in corporation tax and the grants authorized—$1.50 per head of population—to the federal treasury meant that the federal government was "deciding on the use of a tax which the province was imposing for purely provincial purposes..."
>
> Mr. Lesage said that this policy of federal-provincial fiscal relations would constitute a major theme of the Liberal campaign during the next two months.

I find it very interesting that hon. members opposite evidently did not wish to be called upon to take a position in this house on second reading of the bill until after Mr. Lesage had delivered his views on the bill in the province of Quebec.

It is perfectly evident that when the hon. member for Laurier spoke on this measure in this house on April 26 he was speaking in accord with the views expressed by Mr. Lesage to which I have just referred. That is why I say that a grave injustice has been done to him when his leader chose to repudiate him when he spoke in this house on April 5. It is evident that hon. members opposite were waiting to take their lead from Mr. Lesage. They waited for his signal, they received his signal, and I think the result has been a sacrifice on the part of a once great party of self respect in the way they have gone about announcing their position in this matter.

I shall have something further to say about the speech made by the hon. member for Laurier. He laboured so hard to establish some respectability for what he called the St. Laurent formula. I will call it the Liberal formula as reflected in the federal-provincial relations and the university grants legislation when we came into office. To try to give that formula some measure of respectability he did his best to tie us, the government, up with it as though we were approving him. He read some portions of speeches I made in the house previously, but, believe me, he was very selective in his treatment of my previous utterances in the

house. He omitted my declared determination to find some solution for the problems we had inherited from them. I would crave the right to remind the hon. member of something that I said in this house on September 6, 1958 when I asked the house to approve the estimates of the Department of Finance including the item for federal grants to universities that year. This was not referred to by the hon. member in his speech. I am quoting from page 4725 of *Hansard* for September 6, 1958:

I wish to make it clear on behalf of the government that we would wish the institutions of higher learning in Quebec to have the benefit of the provision intended on their behalf by parliament. The province of Quebec has more than a quarter of the population of Canada. Last year it had one-third of the students of all of Canada attending institutions of higher learning. Quebec pays its full share of taxes out of which this vote is made available, and the matter has been the subject of representations made by our members of parliament from Quebec.

The hon. member did not quote that and did not say anything in accord with sentiments of that kind. Further on the following page I said:

Now I say, Mr. Chairman, of this agreement in relation to the attitude of the present government, that while the formula contained in the present agreement has not so far been such as to be viewed with favour in the province of Quebec, if there is any formula or modification of the present agreement which anyone cares to put forward which would permit the institutions of higher learning in the province of Quebec to participate, and which is in keeping with the national interest, we as a government are prepared to give it serious consideration.

Mr. Pickersgill: That is exactly what Mr. St. Laurent said.

Mr. Fleming (Eglinton): That is exactly what Mr. St. Laurent did not do, and not one of the hon. members opposite did what we have done in this regard.

The next year, while asking the house to approve a similar estimate for federal grants to universities, I made the following observation as reported at page 6393 of *Hansard* of July 18, 1959. This somehow escaped the attention of the hon. member for Laurier.

This is still the position of the government.

That was said with reference to what I had said the year before, just now quoted.

I add to what I said last year that as this situation develops, if there is no change of attitude, no change in the basis on which these university grants are payable, it must be recognized by all that the present situation cannot continue. In other words, some way acceptable to the jurisdiction that controls universities in Quebec, some method must be worked out that will make those sums intended for the province of Quebec available to the institutions in that province in some form or other.

I can say, Mr. Chairman, I shall certainly devote the best efforts of which I am capable in trying to evolve some modification of this present provision that will make the grants available to all parts of Canada in a way that will be fair and equitable. I say without reservation that the committee cannot contemplate with equanimity a situation under which a large portion of this grant that is earmarked for the institutions of higher learning in Quebec is simply accumulating and is not being made available to be used for the purpose for which parliament intended it.

I closed with these words, Mr. Chairman:

But, Mr. Chairman, having regard to the fact that nearly all of the universities of one province of this country are not receiving their share of these grants, before such an item or any item on this subject is presented to the house in another year a most intensive effort must be made to grapple with this very great difficulty. For my part, I give the committee my personal assurance that anything I can do to help to resolve this difficulty will certainly be done if effort and understanding can do it.

The hon. member did his best to equalize the position of the government and the opposition. We want no part of the position of the opposition in this respect. Our position was that we were not satisfied with the provisions in relation to the university grants. We were not satisfied as long as they were on the basis under which it became impossible for the institutions of higher learning in the province of Quebec to derive any benefit from them. I reject any attempt to link us with the interpretations that the hon. gentleman opposite has used.

Then he talked about the constitution and he got all mixed up in the constitution. He wandered into the theory of delegation, that there is no right on the part of one level of government in this country to delegate jurisdiction to another level. That was completely irrelevant because there is no delegation whatsoever involved in this measure.

Let me endeavour to clarify the position for the hon. member because he has completely misapprehended it and consequently has allowed himself to stray into a most far fetched interpretation of this measure. What does this bill do? It offers an alternative, an alternative to the present system of university grants, and it offers that alternative to all provinces in this country. This is open to every province. It does not matter whether it has signed an agreement to rent the corporation tax field to the federal government or not, we want to put all provinces in this country on a footing of equality; therefore, this legislation provides that any province that had rented that field to the federal government and desires to alter its agreement and resume the collection of corporation taxes will be permitted to do so and then it can act on the alternative basis with respect to the university grants.

The decision is left to each province. Nothing is forced upon any province; nothing

is taken from any province. No province is hurt. So far as the accounting is concerned at the end of the year, this is a provision in a federal government statute in relation to the measure of accounting for these funds that this legislation provides to be paid by the federal government over to the provincial governments under certain terms laid down in the federal legislation. Is this a trespass? We are simply confining ourselves in this respect to what is proper federal legislation.

This bill does not purport, as the hon. gentleman thought, to confer taxing rights on the provinces. The federal government has no jurisdiction whatever to confer taxing rights on the provinces.

Mr. Pickersgill: Nobody ever said that at all.

Mr. Fleming (Eglinton): It is from the constitution of this country that the provinces derive their right to levy taxation, not from the federal government. This measure does not purport to instruct any provincial government or legislature to do anything. When the legislature of the province of Quebec in recent months raised the corporation tax in that province from 9 per cent to 10 per cent it proceeded in exercise of its own constitutional rights. It sought nothing of the federal government or of the federal jurisdiction; it exercised its own rights of its own volition as a free and sovereign legislature.

Incidentally, it may surpass imagination or belief, in the light of what has been said by hon. members opposite in this debate, that the measures that were taken by the Quebec legislature in that regard were taken unanimously in that legislature. There was no voice of dissent raised there. When legislation was passed there to raise the rate of corporation tax from 9 per cent to 10 per cent there was no voice of dissent raised there by the Liberal opposition in the house. When the Quebec legislature was invited to provide grants equivalent to $1.75 per capita of population in that province, available equally among all the universities and institutions of higher learning in that province on the basis of student enrolment, there was not a word of opposition to that measure registered in the legislature of Quebec. No, every member voted for those measures. Those were measures taken by that legislature in exercise of its own sovereign rights.

How can so brilliant a man as the hon. member for Laurier be capable of such a befuddled interpretation of the plain words of the bill?

Look at what he said at page 3282 of *Hansard*. It just does not bear any more resemblance to the facts of this bill than day does to night. Let me say to him that there is no provision whatsoever in this bill requiring a province to levy an additional tax of 1 per cent on corporate income. The province could raise the money to pay the direct grants to the universities by any method available to it under the constitution. The point is simply this. If the province wishes to replace the present federal grants to universities by equivalent direct provincial grants and if, as the legislation provides, satisfactory arrangements, in the view of the minister, exist for the payment of such direct provincial grants, the corporate taxpayers of that province will receive an additional abatement of 1 per cent in the rate of corporate income tax. That is the federal corporate income tax. Further, in order to preserve equity among provinces, the calculated value of that additional abatement to the corporate taxpayers, and hence to the province, will be adjusted to $1.50 per capita by means of an additional payment or deduction from payments that are provided to be made under the terms of the act. It cannot be asserted that the bill either provides for the levying of a provincial tax on corporate income or that it provides for taking back any part of a provincial levy.

The hon. member went through some strange efforts at argument. He got mixed up in his references to one ninth of the standard corporation income tax referred to in the bill. He thought that that was the provincial tax. Of course, he was quite wrong. The standard corporation income tax is not only not a provincial tax—it is not even a federal tax, but a means of defining and calculating the amount due as tax rental under the provisions of the Federal-Provincial Tax-Sharing Arrangements Act. I trust that the next time the hon. member goes agunning he will come back with more game.

Mr. Chevrier: He will go again, don't worry.

Mr. Fleming (Eglinton): If he goes again I hope he will have a clearer head than he had when he undertook his speech on April 26.

Mr. Chevrier: At least he will deal with the bill.

Mr. Fleming (Eglinton): We are told now that there are conditions imposed. There were no conditions imposed upon the sovereign legislature of the province of Quebec in doing what was done; but in doing what the federal government is prepared to do with the money that is raised by federal legislation and for which the federal government must take the responsibility, the language of the bill is

perfectly clear and is confined properly to the exercise of what is clearly federal jurisdiction.

What on the other hand is the effect of opposition to this bill, the kind of attack that was delivered on the bill by the hon. member for Laurier and other hon. members opposite? If that is the position of the opposition, then it means that Quebec—if that position were to triumph—would be denied, as it was before, the benefit of the legislation, the benefit of the equivalent of those federal grants. But for this bill Quebec would have been doomed to be denied the benefit of these provisions. Had hon. members opposite continued in office it never would have received one cent because they would not have changed their formula which they have praised so loudly in the course of this debate. They would not have changed it and Quebec would have had nothing.

Mr. Pickersgill: How do you know?

Mr. Fleming (Eglinton): We will not be misled by their double talk now. Quebec would not have had the benefit of the more than $25 million which has now been distributed.

Mr. Pickersgill: Under the St. Laurent formula.

Mr. Fleming (Eglinton): If the Liberals had continued in office they would have continued to sit tight. They would have continued their nefarious efforts to starve the province of Quebec into submission. I say very firmly that we of this government were not prepared to stand idly by and see a great province of this country treated in that discriminatory manner. In the view of this government, unlike the former government, there are no second-class provinces in this country.

Let them praise their formula. Let them take the new formula proposed, whether in relation to university grants or in relation to the increase that this bill provides for the remaining two-year period covered by the Federal-Provincial Tax-Sharing Arrangements Act in the provincial share of the yield from the personal income tax. They say their formula was so wonderful. They are full of praise of it. If their formula had continued in effect, and it would have if they had continued in office, the provinces of this country, in respect of the yield from the personal income tax, would have gone $55.9 million short in the fiscal year 1958-59 compared with what they did receive under the present government; $65 million in the fiscal year 1959-60; and an estimated $68.3 million in the present fiscal year. That is just $190 million to date, and the hon. member for Bonavista-Twillingate (Mr. Pickersgill) says that is a mere nothing.

Mr. Pickersgill: I never said anything of the kind.

Mr. Fleming (Eglinton): In addition we are providing $100 million through the Atlantic provinces adjustment grants. Therefore, with another year to go beyond the present fiscal year in relation to the increase of 3 per cent in the yield from the personal income tax and in addition to the Atlantic provinces adjustment grants you will see that the provinces, as a result of the changes made by parliament at the request of the present government, will have derived by the end of the five-year period more than a quarter of a billion dollars that they would not have had if there had not been a change of government. That is quite apart from the increases we have made in the provision of university grants and in the provision that is now made by this bill in its other feature.

The last point I wish to mention is that the hon. member for Laurier sought to make a virtue out of the fact that there was no lapse in recent years in connection with the provisions that were made and the share of the institutions of learning in the province of Quebec simply accumulated. I do not like to say it was the Liberal purpose but it certainly was the effect of Liberal policy that the growing accumulation year by year had the effect, and I suspect was intended to have the effect, of exerting ever-increasing pressure on the province of Quebec to yield.

Mr. Pickersgill: It was to make sure they would get their share.

Mr. Fleming (Eglinton): That accumulation began in 1956 and, but for the present government and the present measure it would have simply continued to accumulate rather than being available for distribution upon acceptable terms. I say that there is no virtue in mere accumulation. The fact is that there is some definite virtue and, I think, satisfaction to parliament in the fact that we have worked out a method that has enabled the distribution of that accumulation to be made on an acceptable basis.

Finally, I say that this is a commendable measure. It is fair to all. It is fair to all persons in this country and to all provinces. It takes nothing from any person or from any province. There is no interference whatsoever with the jurisdiction of any province. This measure respects fully the constitutional rights of every province, their rights in respect of taxation, their sacred rights in respect of education. All of the rights of the

provinces are respected in this measure. Let us have an end to the kind of double talk that has characterized the speeches we have heard from the Liberal opposition in the course of this debate. The time has now come to stand up and be counted.

Mr. Chevrier: Will the minister permit a question?

Mr. Fleming (Eglinton): Mr. Speaker, I presume we are going into committee on the bill shortly. If the hon. gentleman wishes to put his question in committee that might be more appropriate.

Mr. Chevrier: I should like to put it now if the minister will allow it.

Mr. Fleming (Eglinton): Very well.

Mr. Chevrier: The question is this. Is the Minister of Finance of the same view now as he was in 1958 that federal grants to universities as distributed by the former government and continued by this government are constitutional?

Mr. Fleming (Eglinton): Mr. Speaker, I am glad the hon. member has raised that point because perhaps I did not deal with it quite as fully as I should have.

Mr. Chevrier: You dealt with none of the points.

Mr. Fleming (Eglinton): I was concerned about the time limit so I appreciate very much the opportunity the hon. gentleman has now given me to deal with that question. In the course of this debate we have witnessed a good deal of playing with the words "constitution" and "constitutional". Hon. members opposite have sought to put the word through some kind of strait-jacket and, when they say "unconstitutional", treat it as though it simply meant something that would be treated by the courts as ultra vires if an issue arose and it came before the courts in litigation. When we talk not infrequently in these debates, about things being constitutional or unconstitutional I believe we are speaking—I hope we are—about those things that will contribute to the effective operation of the constitutional structure of this country.

Mr. Pickersgill: Double talk.

Mr. Fleming (Eglinton): The hon. member for Bonavista-Twillingate would not know the difference between double talk and triple talk. His is never quite so simple as ordinary plain talk; it is either double, triple or quadruple.

Mr. Pickersgill: I say what I mean and I mean what I say.

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): Mr. Speaker, I go further and say it is clear that when, through items in the estimates, we increased from $1 to $1.50 per capita the funds available to the universities, that was not the kind of legislation that would be ruled ultra vires in the courts, but as long as that kind of legislation had the effect of making effective provision for the institutions of higher learning only in nine provinces and was set up on such a basis that assistance could never become available to the institutions in another province, then we say that this is not the way to treat the Canadian constitution. This is not the way to enable the Canadian constitution to work effectively as it ought to work, as men of good will in all parts of the country want to see it work.

Mr. Speaker: Order.

Mr. Chevrier: Mr. Speaker, may I have the permission of the minister to ask him another question?

Mr. Fleming (Eglinton): With pleasure.

Mr. Speaker: I must report to the house that the minister's time has expired.

Mr. Chevrier: The minister has indicated his willingness to answer.

Mr. Speaker: Only by unanimous consent.

Some hon. Members: No, no.

Mr. Pickersgill: I am rising on a question of privilege.

Some hon. Members: Sit down.

Mr. Speaker: Order.

Mr. Pickersgill: I am rising on a question of privilege.

Some hon. Members: Sit down.

Mr. Speaker: Order; the hon. member for Bonavista-Twillingate (Mr. Pickersgill) has a question of privilege.

Mr. Pickersgill: My question of privilege is this: I did not wish to interrupt the minister when he was speaking, but the minister completely misrepresented the position I have taken, and have always taken—

Some hon. Members: Sit down.

Mr. Speaker: Order; the hon. member has a right, if he feels that his views or statements have been misrepresented by a speaker, to call attention to it and make his explanation briefly.

Mr. Pickersgill: The minister said—I am not absolutely sure that I can reproduce his words precisely, and I am quite willing to have the minister correct me if I am not being

fair—that I had treated the increase in the equalization payments as though it were nothing. That, sir, is not true. I have welcomed them every time they have been introduced, and I have always given this government credit for doing it.

Mr. Fleming (Eglinton): On the question of privilege, sir; the hon. member has, it is quite true, allowed himself generously, graciously, condescendingly, to speak well of the action of the government in providing the Atlantic provinces adjustment grant, but he has always poured ridicule on and he has always minimized the increase that the present government has made in the provincial share of the yield from the personal income tax. It was for this reason I gave those very substantial figures in the course of my remarks tonight. So, what looks to him like a very, very small change in the St. Laurent formula, has meant about $190 million to the provinces in these last three years.

Mr. Pickersgill: The record speaks for itself.

The house divided on the motion (Mr. Fleming, Eglinton), which was agreed to on the following division:

YEAS

Messrs:

Aiken	Charlton
Aitken, Miss	Chevrier
Allard	Chown
Allmark	Churchill
Anderson	Clancy
Argue	Comtois
Asselin	Cooper
Badanai	Crestohl
Balcer	Danforth
Baldwin	Denis
Barrington	Deschatelets
Baskin	Dorion
Batten	Doucett
Beech	Drouin
Bell (Carleton)	Drysdale
Bell (Saint John-Albert)	Dubois
Belzile	Dumas
Benidickson	English
Bigg	Eudes
Bissonnette	Fairclough, Mrs.
Boulanger	Fairfield
Bourbonnais	Fane
Bourdages	Fisher
Bourget	Fleming (Eglinton)
Bourque	Fleming (Okanagan-Revelstoke)
Brooks	Forbes
Broome	Forgie
Browne (St. John's West)	Fraser
Browne (Vancouver-Kingsway)	Fulton
Bruchesi	Grafftey
Brunsden	Granger
Campbell (Lambton-Kent)	Green
Cardin	Grills
Caron	Gundlock
Casselman, Mrs.	Habel
Cathers	Halpenny
Chambers	Hamilton (Notre Dame de Grace)
Hamilton (York West)	Nielsen
Hanbidge	Noble
Harkness	Nugent
Henderson	O'Hurley
Hicks	Pallett
Hodgson	Parizeau
Horner (Acadia)	Pascoe
Howe	Payne
Johnson	Pearkes
Jones	Peters
Jorgenson	Phillips
Kennedy	Pickersgill
Kindt	Pigeon
Knowles	Pugh
Lafreniere	Racine
Lahaye	Rapp
Lambert	Ratelle
Latour	Regier
Leduc	Regnier
Legere	Ricard
Lennard	Richard (Kamouraska)
Lessard	Richard (Ottawa East)
Loiselle	Richard (St. Maurice-Lafleche)
Macdonald (Kings)	Roberge
Macdonnell	Robichaud
MacInnis	Rogers
MacLean (Winnipeg North Centre)	Rompre
Macquarrie	Rouleau
MacRae	Simpson
McBain	Skoreyko
McDonald (Hamilton South)	Slogan
McFarlane	Small
McGee	Smallwood
McGrath	Smith (Calgary South)
McGregor	Smith (Lincoln)
McIntosh	Smith (Simcoe North)
McLennan	Smith (Winnipeg North)
McMillan	Southam
McPhillips	Speakman
McWilliam	Starr
Martel	Stearns
Martin (Essex East)	Stefanson
Martin (Timmins)	Stewart
Martineau	Tassé
Martini	Taylor
Matthews	Thompson
Meunier	Thrasher
Milligan	Tremblay
Mitchell	Tucker
Monteith (Perth)	Van Horne
Monteith (Verdun)	Vivian
Montgomery	Walker
Morissette	Webb
Morris	Weichel
Muir (Cape Breton North and Victoria)	White
Nesbitt	Winch
	Winkler
	Wratten—188.

NAYS

Nil

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

On clause 1—*Amendment of agreements.*

Mr. Chevrier: Mr. Chairman, the Minister of Finance in his opening remarks made some very kind references to his friendship with me and I, of course, can recall the days at Osgoode Hall when he was as flambuoyant then as he was this evening and, of course, those of us who sat in the classroom with him

remember how very often the hon. gentleman would make a great deal of noise about a point of law only to discover at the end that there was no point to his argument at all. I say this to him respectfully, because this evening in the remarks which he made so loudly and with such eloquence I do not think he made any attempt to reply with any degree of seriousness to the objections which were posed by those of us who sit on this side of the house to certain aspects of this bill.

Mr. Fulton: And for which you all voted.

Mr. Chevrier: The Minister of Justice made a point of interrupting me by saying that this was a bill for which we all voted. Yes. The Minister of Justice may not remember that on a similar occasion, when he and his colleagues sat on this side of the house, they did worse than that.

Mr. Fulton: On what occasion? Give chapter and verse now.

Mr. Chevrier: When there was a discussion of the National Housing Act in 1954 during a period of four days the hon. gentleman and his friends criticized the government day in and day out and then, when the vote was taken, they voted in favour of the measure.

Mr. Fulton: No constitutional issue there; no provincial election then.

Mr. Chevrier: More than that, Mr. Chairman, there was, during the discussion of that bill—

The Chairman: Order.

Mr. Chevrier: I am surprised that the Minister of Justice is not able to sit there and take it.

Mr. Fulton: You are surprised and disappointed.

Mr. Chevrier: I am disappointed at you. If you will only listen to what I have to say perhaps the disappointment will be on the other side. I was about to say that on third reading of that bill there was an amendment moved by a member of the C.C.F. party that the bill be not read the third time, because of an amendment concerning interest. Again the members of the Conservative opposition who criticized our conduct so strongly tonight through the Minister of Finance voted on third reading, on the amendment, with the government of the day.

An hon. Member: Discuss the bill.

Mr. Chevrier: Yes, I am going to discuss the bill, do not worry about that. But the Minister of Finance did not discuss the bill. He raised a smokescreen, and for 40 minutes all he tried to do was to attempt to show that there was a division between us in so far as our attitude is concerned.

An hon. Member: He convinced you.

Mr. Chevrier: There is no division. I intend at this stage to put on record—

An hon. Member: Smokescreen.

Mr. Chevrier: There is no one better than the Minister of Finance at being able to raise a smokescreen around an issue such as this, though he has not been very successful.

An hon. Member: You voted for it.

Mr. Chevrier: Apparently hon. members on the other side of the house do not like this.

Some hon. Members: Oh.

An hon. Member: We love it.

Mr. Chevrier: At least they should do us the courtesy of listening to this speech in the same way as we listened to speeches from the other side of the house. However, if hon. members opposite want to interrupt, let them go ahead and do so because I can speak a great deal louder than they can. I may not be able to wave, the way the Minister of Finance does, and hop, step and jump as he did this evening, but at least I intend to talk to the bill if I am given an opportunity to do so.

The Chairman: Order. May I remind all hon. members that it is not permitted by the rules to interrupt the hon. member who has the floor without first obtaining permission, nor is it permitted to interrupt while the chairman is speaking. I would ask for the co-operation of everyone so that this debate may proceed in an orderly way and so that the hon. member for Laurier may proceed to discuss the bill which is before us.

Mr. Chevrier: Thank you, Mr. Chairman, I appreciate your intervention and I will proceed to answer the point which was raised, namely that there was a difference of opinion between the Leader of the Opposition, and myself and the members of our party. Apparently the Minister of Finance had completely forgotten what I stated as recorded at page 3284 of *Hansard* of April 26, 1960, and I quote:

> In conclusion I should like to summarize the attitude of the official opposition toward the main parts of the bill. We support the increased payment to the province; that is, the extension of the rate of 13 per cent of the standard individual income tax for a further period of two years, although such an arrangement is not what the provinces were led to believe they would get from the present government before the last general election. Next, we are also in favour of the university grants paid out of the federal treasury, which were started by a Liberal government and distributed through the Canadian universities

foundation or, as I suggested last year, through a provincial universities foundation or council, because such grants are in the public interest; they are not financed by a specific direct tax, and they are not accompanied by any conditions affecting education.

So far as the constitutional basis of the proposed new arrangement for federal financial aid to universities through the provinces is concerned, we believe this is an attempt to go beyond the jurisdiction of parliament. We do not feel that anyone in this house should be an accessory to what seems to us a violation of the constitution, even if such violation were to last for a period of only two years. Therefore we feel that the government should either satisfy the house that the bill is completely constitutional or give us an assurance that the necessary modifications will be made during the course of the discussion to bring the bill within the jurisdiction of the federal parliament.

Mr. Fleming (Eglinton): Will the hon. member read on a little further.

Mr. Chevrier: The minister asked a question and I indicated that when we got that assurance then we would consider our position. But the point I am making is that there is no difference of opinion on what was said by myself on this occasion and what was said by the Leader of the Opposition. The Minister of Finance sought to raise a difference of opinion but there was none, and I repeat now that we voted for the second reading of this bill because we believed in equalization payments. We voted for the second reading—

Mr. Fleming (Eglinton): Mr. Chairman, on a point of order, surely it is not in keeping with the rules of this house for an hon. member, after a vote is taken, to get up and give his reasons for voting as he has. There is a rule of the house which precludes any reflection on a vote. The vote on second reading has been taken and we are not now debating second reading; we are in committee of the whole on clause 1. It is not open to any hon. member now to rise and make a speech indicating the reason why he voted for a bill after speaking against it, or in any other way. That is completely contrary to the rules and proceedings of this house.

Mr. Chevrier: Mr. Chairman, on the point of order, the clause we are on is clause 1 which deals with equalization. I was saying that we voted for the principle and if that offends my hon. friend I do not think it offends against the rules. However, let me put it in this way. I say that we are in favour of the bill because we believe in equalization payments.

Mr. Fleming (Eglinton): Mr. Chairman, on a point of order, clause 1 of the bill has nothing to do with equalization. It has to do with revising agreements at the option of any province which has signed an agreement and now wishes to go on the new alternative basis which is proposed.

Mr. Chevrier: The first clause deals with an amendment of the arrangements under the Federal-Provincial Tax-Sharing Arrangements Act which is a continuation of the tax-sharing arrangement and which includes equalization payments. I should not be interrupted by the minister, because I believe I am in order.

Mr. Chairman, we believe in university grants, as I said in the statement which I read out. We believe in a continuation of the St. Laurent formula and we believe also that the principle laid down in this clause 1 is one which we can support.

However, there are many hon. members in this house, and I refer particularly to the Quebec Conservative members, who opposed the payments of grants by the foundation, as set out in the definition, within the province. That is why the government has submitted to the house this bill. It is a method which we think raises serious doubts, serious doubts of a constitutional nature which I do not intend to repeat because I put them on record during the course of the original discussion.

In due course, however, we propose to move an amendment to this bill which we think will remove the objectionable features of the bill and which will offer a new method of distributing the grants which we believe is more acceptable and will do away with the seriousness of the objections which I placed on *Hansard* on an earlier occasion.

There are, it seems to me, a number of objections which have not yet been removed by the Minister of Finance during the course of his statement. The words which I mentioned in this bill, "in the opinion of the minister"—for example.

Mr. Fleming (Eglinton): Mr. Chairman, that is in a later clause of the bill. We are discussing clause 1 and surely it is not open to the hon. member to stray around and discuss all the clauses at the one time. He is talking of a provision under clause 2 of the bill and we are on clause 1.

Mr. Pickersgill: Mr. Chairman, could I say a word on the point of order raised by the Minister of Finance. It is a time-honoured practice in this house which has never been more frequently asserted than by the hon. gentleman who is now Acting Prime Minister that on clause 1 of a bill—I may say this was upheld by your predecessors, Mr. Chairman, and also upheld by you only yesterday when the Minister of Finance raised a point about the resolution stage of a tax resolution —there is a general debate about the provisions and the attitudes of the parties to the

details of the bill which cannot be discussed on second reading. What my hon. friend from Laurier was seeking to do was to indicate, since this bill constitutes a scheme of things, to indicate all in one piece so that it will be comprehensible to hon. gentlemen opposite whom we are trying to persuade, that this course should be taken. This cannot be done if a new kind of restriction is to be put upon us, a restriction which was argued against so ably and convincingly, and so frequently, by the present Acting Prime Minister when he sat over here and which you yourself, sir, upheld only the other night.

The Chairman: I understand the practice generally is that on clause 1 of a bill discussion of a general nature can take place and some latitude should be given. However, may I point out to the hon. member for Laurier that going into too many details might bring about repetition when we come to clause 2. I think his views at this point should be more general and not relate to detail as to what his proposed amendment will try to correct; otherwise we would have repetition of debate. But I agree that on clause 1 general considerations may be given.

Mr. Chevrier: I thank you, Mr. Chairman, and I realize there is perhaps a point there. I will not discuss further at this time the amendment which I had intended to move. I will leave it for a later stage. However, I would like within the confines of this clause to recapitulate succinctly, the position so far as we are concerned and I think I can do it under three heads.

It seems to me that there are several objections to the proposed alternatives that the government has outlined in this bill. The first one was in the words which are underlined in the bill, "in the opinion of the minister." It seems to me they raise a serious constitutional doubt in the light of section 93 because they constitute a clear and direct interference with the sovereign right of the province in this field. Here is a field of legislation which is referred to in this bill. Here is a proposed federal statute. Here is a proposed federal law which in fact says directly to the province: "You shall make an arrangement with the universities of the province which shall be satisfactory to the federal Minister of Finance".

Mr. Fleming (Eglinton): Nonsense.

Mr. Chevrier: That is set out in the bill. Moreover, parliament is being asked to say that the arrangement to be made between the provincial government and the universities must be in accordance with and subject to terms and conditions not inconsistent with those contained in any agreement entered into between the federal Minister of Finance and the Canadian universities foundation. In the face of that it seems to me that, in the matter of education, over which the province alone has jurisdiction, the provincial government will therefore be bound by these definitions and by this agreement to which it will not even be a party.

Then there is, of course, the very serious objection contained in the last part of the bill on page 3 that if more than $1.50 per capita is derived from the provincial tax the federal government must claim the excess as a debt due to Canada. If this is not against the letter of the constitution, then it seems to me it is against the spirit of the constitution. In any event, if it is neither it is odious because the federal government under the terms of the bill will then be claiming the proceeds of a provincial tax collected for provincial purposes.

Mr. Bell (Carleton): Why did the hon. member vote for a bill so odious?

Mr. Chevrier: I put on *Hansard* the reasons for that a moment ago and I was interrupted by the Minister of Finance because I could not discuss it. Now my friend asks the same question.

Without offending the rules of the house I should like to move now to another aspect of this which I think is of considerable importance to us all and particularly to those hon. members who took part in the discussion. I should like to discuss for a moment the consideration of the obligations imposed on the provincial government with respect to its transactions with the universities in the province, in the agreement which is referred to in the bill as being made between the Minister of Finance and the Canadian universities foundation. Here, of course, I want to refer in an especial manner to what three hon. members speaking in this house had to say on the subject, but more particularly the hon. member for Bellechasse. On Friday, April 1, 1960, the hon. member for Bellechasse had this to say, and I quote from his words at page 2811 of *Hansard*:

(Translation):

First, under the 1952 legislation, institutions qualifying for grants—

(Text):

The hon. member was dealing with what was done by the former administration at that time.

(Translation):

—had to be recognized both by the federal government and by the provincial government in the province where they were operating. Moreover—and this is even more serious—the federal Minister of Finance was given the responsibility of defining

the expressions "university level" and "university degree". And to give practical application to this utterly fantastic power, the government, on January 9, 1952, passed order in council P.C. 123—

Of which I have here a copy.

—which gave a federal definition of those terms, and also fo the terms "student" and "university".

And the hon. member for Bellechasse went on to say:

Just as a sample, let me quote the definition given of the phrase "university level":

"With regard to a province, a more advanced curriculum than is generally accepted in the provinces as a prerequisite university enrolment."

That, you must admit, was a dangerous definition, the terms being so vague and indefinite.

Far from improving the situation, those conditions and terms only made it worse.

And the hon. member added, a little further on:

That time, no further compromise was possible, and federal grants were spectacularly rejected.

(Text):

That is a very strange assertion to come from the hon. member for Bellechasse.

Mr. Campbell (Stormont): I rise on a point of order, Mr. Chairman. May I refer to citation 148 of Beauchesne's Parliamentary Rules and Forms, fourth edition. Surely, this is repetitious. Citation 148 reads:

(1) It is a wholesome restraint upon members that they cannot revive a debate already concluded; and it would be little use in preventing the same question from being offered twice in the same session if, without being offered, its merits might be discussed again and again.

(2) It is irregular to reflect upon, argue against, or in any manner call in question, in debate, the past acts or proceedings of the house, on the obvious ground that, besides tending to revise discussion upon questions which have already been once decided, such reflections are uncourteous to the house and irregular in principle in as much as the member is himself included in and bound by a vote agreed to by a majority; and it seems that, reflecting upon or questioning the acts of the "majority" is equivalent to reflecting upon the house.

With all due deference I contend that what the hon. member for Laurier is doing at the present time is completely contrary to the rule as set out in this citation.

Mr. Pickersgill: On the point raised by the hon. member for Stormont, I do not suppose you need any guidance because it has always been the practice in the house to treat the whole debate from the beginning of the resolution stage until the completion of third reading as a single debate.

The Chairman: It seems to me that citation 148 refers to repetition of debate during the same session but, generally speaking, the discussion of a bill is only one debate.

Mr. Chevrier: Thank you, Mr. Chairman. Before I was interrupted I was trying to indicate, and I had about reached the point where I was citing the hon. member for Bellechasse, and I had referred also to the same argument made by the hon. member for Berthier-Maskinonge-Delanaudiere and in part by the hon. member for Charlevoix, wherein a great deal was made of those definitions, but I should like to tell the committee that those definitions had no legal status whatsoever. Those definitions were put in the order in council P.C. 123 for the sole object of calculating the grant and, it seems to me, that does not need a great deal of explanation in so far as this committee is concerned.

Indeed, if the federal government were to offer grants to the universities there had to be some kind of definitions and there had to be some kind of a basis upon which the grants could be paid. There had to be a definition of a university, of university level, of a university degree and of a student; otherwise, the grants could not have been paid, and that is why they were put in the order in council. Thus, those definitions were not in any way as stated by the hon. members in this debate, an encroachment upon the provincial field; but, Mr. Chairman, lo and behold there appears on the scene the Minister of Finance. On the eighteenth day of January, 1960 he enters into an agreement with the Canadian universities foundation, with the national conference of Canadian universities, and in clause 13 there appear the same words, "student, university, university degree and university level", with the same definitions, word for word. I will place on *Hansard* the French equivalent of what the hon. member for Bellechasse said was a fantastic intrusion and encroachment upon the provincial field.

Here in the agreement made between the Minister of Finance and the Canadian universities foundation is the definition of university level:

"university level", with respect to a province, means a stage of an educational program that is more advanced than the stage that is generally accepted in the province as the university entrance requirement.

And, in the French language:

(Translation):

University level:

With regard to a province, a more advanced curriculum than is generally accepted in the provinces as a prerequisite university enrolment.

(Text):

Word for word with what the hon. member for Bellechasse put on *Hansard*, the same argument as was made by the hon. member for Berthier-Maskinonge-Delanaudiere and in part the same argument as made by the hon. member for Charlevoix. Will these three members and the other hon. members from

the province of Quebec rise in their places and condemn these definitions? They are exactly the same as those brought into effect by the former administration in order in council P.C. 123. If these members are logical with themselves, if they are honest with themselves, then of course they will say that either they did not know about this or, if they knew about it, they should never have made the argument because if it was wrong to use those definitions in 1952, which in no sense was an attack upon the structure of education in a province, surely it is wrong to use them in 1960. It is word for word, phrase for phrase, clause for clause exactly the same. I challenge these three hon. members who entered this debate to rise during the course of the discussion and to tell us why there is not the same objection today in 1960 to the agreement between the Minister of Finance and the Canadian universities foundation.

(Translation):

Mr. Dorion: Mr. Chairman, I apologize for speaking from a seat other than mine. May I ask a question of the hon. member?

Mr. Chevrier: Certainly.

Mr. Dorion: If I understood correctly, what the hon. member for Laurier just quoted is part of an agreement between the Minister of Finance and the federation of universities. Am I right?

Mr. Chevrier: You are.

Mr. Dorion: In that case, could the hon. member not make a distinction between an agreement concluded by the concerned parties and an order of definitions given in a unilateral way by a minister of the crown?

Mr. Chevrier: Yes, Mr. Chairman, there is a distinction to be made, except that, in this case, the agreement is mentioned in the bill and, in fact, the province is party to the agreement, even if it did not sign it. There lies our objection.

(Text):

That, sir, is the other point to which I want to come.

(Translation):

Mr. Asselin: It is far-fetched.

(Text):

Mr. Chevrier: My hon. friend says that that is pulling hairs. Just let him listen to this and see if it is because, after all, if what was done heretofore by the former administration is being done word for word by this administration surely it must be as bad, if it was bad, providing hon. members want to be consistent.

[Mr. Chevrier.]

(Translation):

Mr. Dorion: Mr. Chairman, I am sorry—

Mr. Chevrier: No, just a moment. I have not yet finished answering the question of the hon. member for Bellechasse.

Mr. Dorion: I do not want to pester the hon. member for Laurier, but—

Mr. Chevrier: Go ahead.

Mr. Dorion: Are Quebec universities members of the Canadian universities foundation?

Mr. Chevrier: Well, the agreement between the minister and the Canadian universities foundation, obviously, does not affect universities of the province of Quebec, but on the other hand, under this bill the province of Quebec is subject to the agreement between the minister and the Canadian universities foundation and is—

An hon. Member: Bound.

Mr. Chevrier: Bound, that is the word—thank you—as it is said in the bill. It is the point I wanted to make because, if you look at the wording of section 2 (4) you will see this: that—

(Text):

Satisfactory arrangements must be made for the payment by the province directly to institutions of higher learning in the province.

(Translation):

And listen to this:

(Text):

—in accordance with and subject to terms and conditions not inconsistent with those contained in any agreement entered into between the minister and the Canadian universities foundation.

This means that the province will be bound, although it is not a party to this agreement, by the terms that are contained in the agreement and therefore bound by the definition "student"; bound by the definition "university level"; to which the hon. member for Bellechasse took such strong objection; bound by the definition of "university degree"; and also bound by the definition of "university". These are definitions which the hon. member for Bellechasse found were so strong and so fantastic. He said that they were a fantastic provision. Here the bill goes much further than the hon. member may want it to go. From now on if this bill is approved the province in its dealings with the universities will have to comply with any agreement to which it is not a party—

Mr. Fleming (Eglinton): Oh, no.

Mr. Chevrier: —and made by the Minister of Finance with the Canadian universities foundation.

Mr. Fleming (Eglinton): Will the hon. member permit a question?

Mr. Chevrier: You can ask your question when I am through.

Mr. Fleming (Eglinton): The hon. member was very quick to ask me questions.

Mr. Chevrier: Very well, go ahead.

Mr. Fleming (Eglinton): Is it not clear to the hon. member from reading that provision that the agreement between the Minister of Finance and the Canadian universities foundation will have application only to those moneys that are paid over by the minister in pursuance of the legislation to the foundation and that does not include any provision for any province that is a prescribed province, a province which does not rent the corporate tax field to the federal government?

Mr. Chevrier: The minister had better amend his bill because that is not my understanding of it or he had better read the bill. The minister apparently does not understand his own bill because here is what it says:

"Prescribed province" means a province...
(i) that has not entered into a tax rental agreement...
(ii) in which, for that fiscal year, satisfactory arrangements exist in the opinion of the minister—

It is a unilateral deal.

—for the payment by the province directly to institutions of higher learning in the province, in accordance with and subject to terms and conditions not inconsistent with those contained—

In the agreement made between the minister and the Canadian universities foundation. I submit it could not be plainer than it is in this bill. That may not be the intention—

Mr. Fleming (Eglinton): How can you misread the provision in that way?

Mr. Chevrier: —but there is no doubt that the significance of the definitions used up to now for the sole purpose of measuring grants will be completely changed because under this provision the provincial government will be bound in its dealings with the universities in the province. This means that when the provincial government makes annual grants available to the universities within the province it will have to accept the definition of "student"—

Mr. Fleming (Eglinton): On a point of order, Mr. Chairman, you were very generous with the hon. member in allowing a general discussion. It was about three quarters of an hour ago that he embarked on that, but his whole speech now is related to the details of clause 2. We are just headed into endless repetition when we come to these clauses. Surely the hon. member must have some regard for the rules of the house. If he is going to discuss the details of clause 2, then in my respectful submission that can only be done when you call clause 2, Mr. Chairman. This is not general discussion at all. This is the most detailed kind of discussion of a clause that has not yet been called by the Chair.

Mr. Chevrier: On the point of order, I was interrupted three times, twice by the hon. member for Bellechasse and once by the Minister of Finance, and asked to give reasons why I made the statement earlier, and I was attempting to reply. The minister asked for it and now that he is getting it he raised an objection because he does not like the interpretation.

The Chairman: Order. We have been allowing time for the interruptions, but the hon. member's time has expired.

An hon. Member: Let him go ahead.

Mr. Chevrier: Thank you.

The Chairman: I may say I was beginning to worry about the discussion of clause 2 because it seemed to me that it was going a little beyond the rule allowing general debate on clause 1. In any event, as the hon. member's time has expired, I do not have to rule on that.

Mr. Chevrier: Would the committee allow me to complete the answer to the questions asked of me by some hon. members?

Mr. Henderson: Southern courtesy, yes.

Mr. Chevrier: The courtesy for which I am asking now I have many times extended to members on the other side of the house.

Mr. Fleming (Eglinton): I am quite sure that the committee would wish to extend every courtesy to the hon. member who is speaking for his party. I can only ask, Mr. Chairman, that any general discussion which is permitted be general discussion or else discussion pertinent to the provisions of clause 1, and that detailed discussion of clause 2 be reserved until we reach clause 2. There will be ample opportunity for discussion of clause 2 then. There is no infringement of the hon. member's rights in proceedings as I am suggesting.

Mr. Chevrier: I thank the Minister of Finance for giving me the opportunity of continuing for a moment longer. I think the remainder of my remarks I could make on clause 2, but if I were able to make them now I would not have to make them on clause 2. I would, in order not to encroach

upon the time of the committee, simply like to conclude the answers to the questions which were put to me by two hon. members, and then I could resume my seat. This would take a matter of a few minutes.

What I was on the point of saying, Mr. Chairman, when I was interrupted was that if the Minister of Finance at any time found that the agreement which he had made with the foundation was not satisfactory he could change that agreement. If he changed that agreement and its provisions, including the definitions which I have put on *Hansard*, then the provincial government would again, in its place, have to change the arrangement made between itself and the universities and re-negotiate with them an entirely new arrangement. So, it seemed to me, in answer to these questions, that it was quite evident that this bill contained a clear element of compulsion which had been introduced into this federal legislation with regard to education or, more concisely, to the relations which exist between the provincial government and the universities in the province.

It is for that reason I am astonished that the members of the Quebec Conservative party have not noticed this anomaly or, having noticed it, have not raised it at all. So far as we are concerned we feel that according to our constitution a provincial government is completely free to deal with the universities in the province as it sees fit. It is also a matter of concern to us that it should be the business of the federal government to interfere at all, as it seems now quite clear the federal government will be doing, in the field of education by the wording contained in this bill. That is why we cannot accept the provisions that I have mentioned in the bill. We wonder how it is that the Quebec Conservative members can accept them now after the criticism they made against the definitions, when in no way they were binding upon the provincial government in its relations with the universities in the province.

There are two other points I should like to make but I do not want to trespass unduly on the time of the committee. I shall reserve them for the discussion under clause 2.

Mr. Fleming (Eglinton): Mr. Chairman, it is quite obvious that the hon. member has wandered far under the guise of carrying on a general discussion such as is permitted on the first clause of a bill when in committee. I do not intend at this moment to follow him in his detailed discussion of the individual provisions and detailed terms of clause 2 of the bill. If I were to do so I would be following him into an open and very clear breach of the rules. I will simply say at this moment, reserving in detail my remarks by way of reply until the proper time when you call clause 2 of the bill, that I do not think I have heard, in 15 years in this house, such a jumbled misunderstanding of any provision of a bill as I heard in this committee on the part of the hon. member for Laurier this evening. I do not like to say that; I regret saying it, but it is a fact.

Mr. Chevrier: That does not deal very well with the point, does it?

Mr. Fleming (Eglinton): I pointed out that I will be pleased to deal with this in detail when we reach clause 2 of the bill. I would not wish the remarks of the hon. member, who has strayed so far from clause 1, to be interpreted as having any validity by reason of their not being mentioned at this point.

I simply make a general observation and hope, in the meantime, the hon. member will really read the provisions of the bill and in that way correct for himself this hopeless jumble in which he finds himself as a result of completely misreading and misinterpreting the plain provisions of this bill.

Mr. Chevrier: I have read it very carefully, and I have spent a lot of time on it. I am surprised that is the only answer of the Minister of Finance.

Mr. Fleming (Eglinton): That is not the only answer; the answer will be given at the time it ought to be given when clause 2 of the bill is under discussion, and when the hon. member ought to have made his remarks.

(Translation):

Mr. Leduc: Mr. Chairman, I have listened with much interest to the various members who participated in this debate. Furthermore, I have listened carefully to the outline given by the Minister of Finance (Mr. Fleming).

I fail to understand the attitude of the Minister of Finance, that of the Solicitor General (Mr. Balcer), as well as that of the Quebec premier.

I should like to know from the Minister of Finance whether there is some agreement between the government of the province of Quebec and the federal government. I read in yesterday's press a report of a speech made in Joliette by the Quebec premier and I have here that part of it which will interest the house. Here is what it says:

Mr. Barrette said that there was never any question of an agreement with Ottawa, but a decision taken by an autonomous government to settle a thorny problem. Thus, by proudly expressing our will, we finally succeeded in recovering for Quebec $10 million in taxes every year, and the $25 million lying dormant in Ottawa coffers.

We even got the federal government to admit that it will entirely vacate the field of education, thus finally winning out after years of struggle.

Would the Minister of Finance tell us whether there really was an agreement or not? I am sure everybody would be interested to know whether such an agreement exists. I have here the last letter—

The Chairman: Order. It seems to me that the hon. member's arguments are still quite close to clause 2 of the bill, and I wonder whether it would not be better for the committee to vote on clause 1 before dealing with clause 2, which seems to be the only one of interest to him. In committee it is impossible to start a discussion all over again on second reading. It is permissible to make a few remarks of a general nature on clause 1, but no go so to repeat the whole debate on second reading. When we come to clause 2, or to any other clause, it can be fully discussed.

I wonder whether it would not be better, in the interests of orderly discussion, to reserve the remarks which the hon. member is now making until we examine clause 2.

Mr. Chevrier: I have a suggestion to make to the Minister of Finance. I might perhaps make it in English.

(Text):

If I may I should like to make a suggestion to the Minister of Finance in English and it is this. In order to assist a more orderly discussion in the debate I suggest that we suspend discussion of clause 1 and go on to clause 2 on the understanding that we may have a general discussion on clause 2. The reason I make that suggestion is this. We have an amendment to propose later on. If it were approved it would require a consequetial amendment to clause 1. Otherwise the chairman is going to be pehaps in the difficult position of being obliged to rule. None the less, I think the hon. member for Gatineau and those will follow him should have the general latitude that is allowed under clause 1. I make that suggestion in an effort to be helpful.

Mr. Fleming (Eglinton): The rules of the house make ample provision for proceedings with reference to bills that come before the house, Mr. Chairman. I suggest that we simply follow the rules of the house. So far as clause 1 of the bill is concerned, if the hon. member has an amendment to introduce and if it is relevant, then I suggest that he introduce it. So far as discussion of clause 1 is concerned, Mr. Chairman, you have indicated that you are prepared to countenance some general discussion. Any other discussion, in my respectful submission, must be strictly relevant to the terms of clause 1.

I do not propose to accept the suggestion of the hon. member for Laurier under which we would reverse the order of the clauses and start jumping around the bill. The provisions of clause 1 of the bill are quite clear. They are simply enabling provisions in relation to the revision of any existing agreement that any province has entered into for the purpose of renting fields of taxation to the federal government. Clause 2 apparently is the clause that principally interests hon. members opposite. But surely that is no reason for departure from the rules of the house. If there is discussion relevant to clause 1, I suggest that we should proceed with it. If the discussion that hon. members wish to initiate relates to clause 2, then let us follow the proper procedure and adopt clause 1 and then proceed to clause 2.

The Chairman: May I point out that of course the practice has allowed general discussion on clause 1 of the bill; but nevertheless the rule of strict relevancy applies and it is not permissible to revive a debate on second reading. It therefore seems to me that the remarks of the hon. member for Gatineau were relevant only to clause 2 and were not of the general nature that I have in mind that could be included in remarks on clause 1, and not referring especially to clause 1. I would therefore ask him to wait until we reach clause 2 in order to continue in this line of discussion.

(Translation):

Mr. Leduc: Thank you, Mr. Chairman. Since we must discuss only the items concerning clause 7, here is what it says:

1. Subsection (3) of section 6 of the Federal-Provincial Tax-Sharing Arrangements Act is repealed and the following substituted therefor:

Well, Mr. Chairman, I will deal with the sharing of taxes and it is precisely because I want to discuss the sharing of taxes that I would like to know whether the government of Quebec has signed an agreement with Ottawa because, according to the statements of the premier and according to the act adopted in Quebec under which an additional tax of 1 per cent will be raised on the income of the corporations, there is no mention whatsoever that a part of this amount should to be paid back to Ottawa.

Mr. Balcer: There is no mention either of an agreement in the bill.

The Chairman: I believe the point again raised by the member for Gatineau (Mr. Leduc) is not related to clause 1. The only place where there could be a relationship with the provincial act to which he referred is in clause 2. But clause 1 refers to a general agreement, a general method of tax-sharing. I believe the point he raised

is related only to clause 2 and I am sure that at that time he will have an opportunity to discuss it. So, I would urge him to wait till we come to that clause.

Mr. Roberge: Mr. Chairman, if I may be allowed to make a remark in connection with your own call to order, it is said in the explanatory note of the bill:

> The purpose of clauses 1 and 2 of this bill is to provide certain alternative arrangements for payment, either by Canada through the Canadian universities foundation or directly by a province, of the grants to institutions of higher learning presently paid under the authority of the Appropriation Act.

By simply reading the explanatory note as well as clause 1, I suggest, Mr. Chairman, with all due respect, that it would be in order for the member for Gatineau to discuss this matter.

(Text):

Mr. Fleming (Eglinton): I wonder whether I can help to clarify this provision of clause 1? Otherwise we are going to waste a good deal of time in going on as we are and, if I may say so, in a disorderly way. The provision of clause 1 of the bill affects only those provinces which up to this time have entered into agreements with the federal government to rent to the federal government the field of the corporation tax. There are eight provinces that have entered into such agreements. Ontario collects its own corporation tax. Quebec has no agreement with the federal government; it collects its own corporation tax. This provision now under debate, Mr. Chairman, simply has reference to those eight provinces which up to this time have entered into agreements to rent that one field of taxation to the federal government and it permits them, if they so desire, to revise, repeal or amend the agreement they have made with the federal government in order to resume the collection of the corporation tax. This clause could have no application to provinces in the position today of Ontario and Quebec.

Mr. Chevrier: May I say a word on this matter because here—

An hon. Member: Ten o'clock.

The Chairman: Order. It being ten o'clock, I think we might continue this discussion when the committee sits again. Then I will hear the hon. member, unless there is unanimous consent to continue now.

Mr. Chevrier: I can do it in about two minutes.

The Chairman: Unless there is unanimous consent to proceed, I shall be obliged to call it ten o'clock.

Mr. Fleming (Eglinton): May I suggest that as we are all trying to accommodate one another here this evening perhaps the committee might be willing to continue its sitting for the two minutes so that the hon. member may complete his comment on the point of order.

Mr. Chevrier: I thank the minister.

The Chairman: Is the committee agreeable to that procedure?

Some hon. Members: Agreed.

Mr. Chevrier: The only point I want to make is this, and I will make it quickly. On the discussion of the resolution as well as on the discussion on second reading we are prevented from dealing with the bill clause by clause. There is a rule which prohibits that procedure, and it is a very good one. We speak on the principle, and that is what we did. Now we come into committee and what are we being told? We are being told that we cannot discuss this matter on clause 1, that we must go to clause 2 or wait until discussion of clause 3. We feel that on clause 1, as you yourself, Mr. Chairman, said earlier, there should be a general discussion which should not be in too great detail in order that hon. members might put their objections, if they have any, on record. Then when we come to clause 2 we shall have to deal with that, and clause 3 similarly. That is the proposition I make.

Mr. Fleming (Eglinton): I can only say that the proposition which the hon. gentleman has put forward is completely at variance with the rules of this house. The discussion on clause 1 may be general, if that is permitted, but when it becomes detailed it must be relevant to clause 1, not to clause 2. Discussion on the details of clause 2 must await the calling of clause 2.

Mr. Pickersgill: In view of the fact that the Minister of Finance has spoken again, I suggest you call it ten o'clock, Mr. Chairman.

The Chairman: It being ten o'clock I will deal with the point of order on a later occasion.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business is to be tomorrow?

Mr. Churchill: We shall continue consideration of Bill No. C-56. If that is finished we shall go on with the budget resolutions.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

RADAR INSTALLATIONS, MOOSONEE, ONT.—SITE SURVEYS

Question No. 352—**Mr. Badanai:**

1. Was the surveying of the sites for radar installations at or near Moosonee, Ontario, advertised?
2. If so, who was the successful tender?
3. What did the job of surveying the line cost?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. No.

2. Not applicable.

3. The location survey was carried out by the Royal Canadian Air Force.

CUSTOMS ACT—FRESH FRUITS AND VEGETABLES

Question No. 364—**Mr. McIlraith:**

1. In how many cases has paragraph (b) of subsection 7 of section 40A of the Customs Act, as enacted by chapter 26 of the statutes of 1958, been applied since February 22, 1960?
2. What was the value for duty of the fresh fruits and vegetables to which this paragraph was applied?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

1. Nil.

2. Not applicable.

END OF VOLUME III